

July 8, 2008



TRANSCRIPT
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MONTGOMERY COUNTY COUNCIL

PRESENT

Councilmember Michael Knapp, President	Councilmember Phil Andrews, Vice-President
Councilmember Roger Berliner	Councilmember Marc Elrich
Councilmember Valerie Ervin	Councilmember Nancy Floreen
Councilmember George Leventhal	Councilmember Donald Praisner
Councilmember Duchy Trachtenberg	



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1 Council President Knapp,
2 Good morning everyone. Welcome. We've just concluded our breakfast meeting with
3 the County Executive which is a good discussion as always. We begin our morning with
4 an invocation by Reverend Monsignor Francis Kazista from Saint John the Baptist
5 Catholic Church in Silver Spring. And I would ask everyone to please rise.

6
7 Monsignor Francis Kazista,
8 All mighty God, creator and sustainer of all things, send down upon the members of this
9 Montgomery County Council and upon all our elected leaders, the spirit of wisdom,
10 charity, and justice so that with steadfast purpose, they may faithfully serve in their
11 offices to advance the wellbeing of all people in this County. Father of all human beings,
12 in the words of the Christian scriptures, you give us a vision of a holy commonwealth in
13 which there is neither pain nor death and to which all nations of the world bring their
14 glory. Behold and visit we pray this County, Montgomery County, Maryland, in which we
15 live and which is teeming with life and energy. Constantly renew the ties of mutual
16 regard which we require for our civic life. Bless our leaders with the ability to discern the
17 spirit of justice and truth. Enable all our citizens to work together for the elimination of
18 poverty, prejudice, and oppression so that peace may prevail with righteousness and
19 justice with order. And help all of us to work as citizens to make our County the meeting
20 ground of many cultures and races where men and women of different talents and
21 backgrounds may find a fulfillment of their common humanity. To this, we the citizens of
22 Montgomery County say amen.

23
24 Council President Knapp,
25 Amen. Thank you very much. Our first action this morning is a presentation, a
26 Proclamation in recognition of Mattie Stepanek week in Montgomery County, by
27 Councilmembers Leventhal and Andrews.

28
29 Councilmember Leventhal,
30 Well, we are, Councilmember Andrews and I are joined this morning by Mattie
31 Stepanek's mother. I know how important it is when you lose a loved one to know that
32 that person is remembered and that the contribution that he made during his life did not
33 evaporate when his young life was extinguished. Certainly, Mattie Stepanek who
34 received national attention for his courageous battle with muscular dystrophy inspired
35 people around the country, including President Jimmy Carter who became very good
36 friends with Mattie and he was a resident of Montgomery County, but he was someone
37 of whom all America was proud and we remember him here in his home County by
38 proclaiming Mattie Stepanek week. And we have a Proclamation to that effect. I think
39 Councilmember Andrews also wanted to make some remarks and then we'll read the
40 Proclamation and we'll hear from Ms. Stepanek.

41
42 Councilmember Andrews,
43 That's right. Well, thank you Councilmember Leventhal. Mattie Stepanek was an
44 amazing boy, amazing young man who wrote a number of books in his short life that we



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1 have with us and I believe we are going to hear a recording that Mattie made of one of
2 his poems in a little bit that his mother, Jenny, has brought with her. So we look forward
3 to hearing from her as well as from Mattie through the recording. There are, it's, I think
4 the Proclamation probably says it all. Thank you for taking the lead on this.

5
6 Councilmember Leventhal,
7 Okay. Thank you Phil. I don't know if you want to read.

8
9 Councilmember Andrews,
10 Why don't you read it?

11
12 Councilmember Leventhal,
13 We'll do the whole thing. Whereas Mattie Joseph Thaddeus Stepanek died in 2004 at
14 the tender young age of 13 from a severe form of muscular dystrophy, but he is
15 remembered through his remarkable legacy. And whereas, at the age of three, he
16 began writing poetry, some of which evolved into the book Heart Songs that promotes
17 harmony, peace, and hope. And whereas, Mattie published seven books including one
18 co-authored by former President Jimmy Carter and his books are an inspiration to
19 millions across the world. And whereas, Mattie said that what mattered most to him was
20 praying and playing and celebrating life every day in some way, his motto was think
21 gently, speak gently, live gently, and his philosophy was remember to play after every
22 storm, all of which demonstrated what everyone who met Mattie quickly realized, that he
23 was wise beyond his years. And whereas, on Sunday, July 13, 2008, at the Rockville
24 Municipal Swim Center, the Mattie Stepanek Foundation will hold its second annual
25 Mattie's Heart Songs Swim to raise funds toward expanding the handicapped
26 accessibility of the 26 acre Mattie J. T. Stepanek Park at King Farm in Rockville and
27 toward the installation and dedication of a statue of Mattie and his service dog Micah.
28 Now, therefore be it resolved that the County Council of Montgomery County, Maryland
29 hereby proclaims this week, July 7-13, 2008, Mattie Stepanek week in Montgomery
30 County. Presented today and signed by Michael Knapp, Council President. [applause].

31
32 Jenny Stepanek,
33 Closer, very quickly.

34
35 Councilmember Andrews,
36 Closer, there we go. That should pick you up.

37
38 Jenny Stepanek,
39 Okay. Very, very briefly, thank you.

40
41 Councilmember Leventhal,
42 Let's have a picture quickly.

43
44 Jenny Stepanek,



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1 Oh, a picture first?

2
3 Councilmember Andrews,
4 Yeah. Okay.

5
6 Jenny Stepanek,

7 This week is not just about remembering Mattie as a person. It is really about embracing
8 and furthering his message of hope and peace. So I thank you and I thank the entire
9 Council for doing that. And just, in a nutshell, Mattie lived a life filled with blessings and
10 burdens. But he believed that life is good and that hope is real and peace is possible
11 because he believed that hope and peace begin with an attitude and an attitude to
12 choice. And Mattie said, when we have our basic needs met, we can be okay with who
13 we are as a person, which then helps us be okay with who our neighbors are as people.
14 And he said basic needs include food, water, health, safety, but it also includes
15 happiness and hope. And I think that is what we draw from Mattie's message is you can
16 literally touch and feel the essence of hope through his message. So I thought it would
17 be a great celebration to let Mattie, in his own voice, share a poem called "For Our
18 World." He wrote this poem on September 11, 2001. It was the third of three poems he
19 wrote that day in response to a terrorist attack on this country. And he hoped that one
20 day this poem would become an international statement for peace. It appears in one of
21 his poetry books and then in the book of essays he did with Jimmy Carter. So, here is
22 the poem.

23
24 Jenny Stepanek,

25 For our world. We need to stop. Just stop. Stop for a moment before anybody says or
26 does anything that may hurt anyone else. We need to be silent. Just silent. Silent for a
27 moment. Before we forever lose the blessing of songs that grow in our hearts. We need
28 to notice. Just notice. Notice for a moment before the future slips away into ashes and
29 dust of humility. Stop, be silent and notice. In so many ways, we are the same. Our
30 differences are unique treasures. We have, we are a mosaic of gifts to nurture, to offer,
31 to accept. We need to be. Just be. Be for a moment kind and gentle, innocent and
32 trusting. Like children and lambs. Never judging or vengeful, like the judging and
33 vengeful. Now, let us pray, differently, yet together, before there is no earth, no life, no
34 chance for peace.

35
36 Jenny Stepanek,
37 Thank you.

38
39 Councilmember Leventhal,
40 Thank you.

41
42 Councilmember Andrews,
43 Thank you.



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1 Jenny Stepanek,
2 Thank you very much. Yes, this is Micah, Mattie's dog.

3
4 Councilmember Andrews,
5 Okay.

6
7 Jenny Stepanek,
8 My grand dog and faithful companion.

9
10 Council President Knapp,
11 Thank you Councilmembers Leventhal and Andrews, and thank you Ms. Stepanek for
12 sharing a little bit of Mattie with us this morning. We now turn to General Business, Ms.
13 Lauer.

14
15 Linda Lauer,
16 There is an addition to the Consent Calendar. Introduction of a Supplemental
17 appropriation for the County's Fire and Rescue Service for the National Urban Search
18 and Rescue Response System Grant that will go to public hearing on July 22nd. We did
19 receive one petition and another one supporting Suburban Hospital's campus
20 enhancement project.

21
22 Council President Knapp,
23 Very good. Thank you very much. Madam Clerk, are there Minutes to Approve?

24
25 Mary Ann Paradise,
26 You have the Minutes of June 12th for Approval.

27
28 Council President Knapp,
29 Is there a motion?

30
31 Councilmember Trachtenberg,
32 So moved.

33
34 Council President Knapp,
35 Moved by Councilmember Trachtenberg, seconded by Councilmember Leventhal. Is
36 there a discussion on the Minutes? Seeing none, all in support indicate by raising your
37 hand. That is unanimous among those present. Before we turn to the Consent
38 Calendar, I just wanted to note that Councilmember Berliner is absent today. attending
39 a conference and so I just wanted to note that. We now turn to the Consent Calendar. Is
40 there a motion? Thank you, Mr. Leventhal, seconded by Councilmember Trachtenberg.
41 Is there any discussion on the Consent Calendar? I see none. All in support of the
42 Consent Calendar, indicate by raising your hand. That is also unanimous among those
43 present. Thank you very much. We now turn to an update on the FY09 Operating
44 Budget. As we all will remember, I'm sure it is all still very fresh in our memories, we had



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1 much conversation about the budget as we did the budget. More importantly, much of
2 our conversation turned to the fact that this shouldn't be just a once a year exercise, it
3 should be an ongoing discussion. There are a number of items that are actually worthy
4 of our getting updates on. And so as we've just begun the new fiscal year, this is an
5 opportunity for us to get some updates on a couple things like the Retirement Incentive
6 Program, where we stand on the \$8 million in additional savings from County
7 Government, really just an update on the overall fiscal issues associated with the
8 County right now, what are we looking at as it relates to any priority setting that the
9 Council may want to share with the Executive Branch, County State spending
10 affordability that the MFP Committee's taking up, and just really kind of set the stage for
11 what will likely be a conversation that occurs many times this year. The economy has
12 not yet begun to make the positive turn I think people had hoped we might see. Judging
13 from the instability in the market, even what we say yesterday with just mention of some
14 accounting irregularities or accounting modifications that some of our larger firms may
15 have to undertake, is something that the stock market is taking great note of and
16 unfortunately, going in a negative direction when it hears about it. And so, I think it's
17 important for us to make sure that budget issues continue to stay front and center in our
18 minds. And so, Steve Farber, our Staff Director, has actually led a very nice packet that
19 lays out eight items. And I would ask him to begin to walk us through there and
20 encourage Councilmembers during the course of the discussion because I know you're
21 all so shy anyway, to make sure that you ask questions as we proceed through these
22 points and hopefully this will set up our stage for future discussions as the year
23 progresses. Mr. Farber.

24
25 Stephen Farber,

26 Thank you, Mr. Knapp. I'm joined by OMB Director Joe Beach and by Assistant Chief
27 Administrative Officer Fariba Kassiri Kassiri who oversees the County Stat program.
28 And also joining us are Alex Espinoza who coordinates the Public Services program in
29 the Operating Budget and Ron Hagedoorn who is Chief of the Treasury Division in the
30 Finance Department. You noted, Mr. Knapp, that we have seen some sobering signs
31 from the stock market and to the extent that is a useful discounting mechanism for what
32 lies ahead over the next few months. It is a bit sober on a national basis. You
33 mentioned, I think, Fannie Mae and Freddie Mac stocks which were down respectively
34 yesterday 16% and 18%, really largely on news from the Financial Accounting
35 Standards Board, in terms of some stricter standards that they want to impose. Those
36 particular stocks were actually down more than half already before yesterday's further
37 decline. General Motors stock is at a half century low. That is also sobering news. And I
38 think it is an indication of what we see in the auto industry, in the airline industry, in the
39 financial services industry, and many others. I guess there are really three proximate
40 causes. One is the bursting of the housing bubble which all of us are familiar with.
41 Second, a larger credit crunch that has spread through the financial markets. And then
42 finally, \$140 plus oil. It had to be later, if not sooner, that that was going to have serious
43 impact on people's ability to spend on discretionary items. I think we have seen a
44 confluence of these factors and it has had an inhibiting effect on the national economy.



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1 We may not be technically in a recession yet. That remains to be seen by those who
2 determine such things, but certainly, we have not experienced, as you said Mr. Knapp,
3 the snapback that all of us had hoped would have occurred by now that would have
4 invigorated revenues at the national, state and County levels. There are a number of
5 states that are doing very well as a matter of fact. North Dakota happens to have a \$470
6 million surplus. Those states that are big farm states and also big energy states are
7 doing just fine. Other states are not. Kentucky, for example, has had to cut departmental
8 budgets this year by 12%. You see this record in a number of other places as well. Here
9 in the region, we do have, of course, a stronger economy than we see in many other
10 places in the country. But Steve Fuller who is the Regional Economist at George
11 Mason, who is often fairly bullish in his comments, has said that he sees weakness
12 persisting in our region until fiscal '11. We just started fiscal '09. And so fiscal '11 is a
13 couple of years off. In the County, we are fortunate to have a very low unemployment
14 rate. It is 2.5%. That has held. On the other hand, for quite some time now, we have
15 had no job growth. That has persisted. County home sales are down 53% compared to
16 2005 for the January to May period. And again, here, we may have held up better than
17 some places, but we still have problems. All of this has palpable impacts on our tax
18 collections, especially our income and our transfer recordation taxes. I did mention in
19 the packet what happened in Prince George's County. This was sort of a world's record.
20 Usually you see savings plans once a fiscal year has begun, but in Prince George's,
21 they jumped the gun, and even before the fiscal year began, County Executive Johnson
22 called for a \$48 million cut in the budget that had been approved by the Council just
23 three or four weeks earlier. That, I think, is an indication of how at least in that
24 jurisdiction, they feel the revenue picture is shaping up. There are several issues in the
25 packet here that I'm going to discuss jointly with Mr. Beach. First of all, the Retirement
26 Incentive Program. As you know the Executive and the Council both assumed a \$5
27 million saving from the RIP. We now have the results of that. Joe, do you want to speak
28 to that?

29
30 Joe Beach,

31 Yes, I do. A slight update from what's in the packet. When we wrote this memo and
32 delivered it to the Council, there were 149 names. We since were informed later that
33 day that actually 104 additional people had filed their papers and one had withdrawn so
34 the number is actually 152. We are still working with our departments to identify the
35 position abolishments that will result from that. We estimate about 60 tax supported
36 positions will be abolished as part of the RIP Program. In terms of the knowledge
37 transfer contracts, we have approved, reviewed and approved seven requests.
38 Departments are required as part of that to absorb this cost within their budget. We
39 actually think that's a very constructive approach because it's going to have better
40 institutionalized knowledge of that rather than with one individual and they leave and the
41 knowledge goes with them. We'll actually have it documented and have a better
42 transition that way. Again, in terms of an update, I learned yesterday we thought we
43 were done with this process. We are going to receive at least seven additional requests
44 for knowledge transfer contracts. I have not received them yet. We will have to just take



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1 those on their own merits and assess whether or not those are, you know, in the
2 County's interest to proceed. But I do want to have full disclosure with the Council on
3 that.

4
5 Council President Knapp,
6 So, I just, so we're going to eliminate 40 tax supported positions?

7
8 Joe Beach,
9 Sixty.

10
11 Council President Knapp,
12 Sixty, okay.

13
14 Joe Beach,
15 Approximately 60. Like I said, we are still working through departments on the, you
16 know, which positions in which departments.

17
18 Council President Knapp,
19 And so we think that that process is concluded though? We don't anticipate having
20 anyone else come forward? We've gone through it?

21
22 Joe Beach,
23 Right. I guess there's a, I guess Mr. Adler could speak to this. It is possible for an
24 employee, I understand, before they cash their first pension check to actually assert the
25 rights and come back. It is very unlikely. At this point, in terms of filing your papers, that
26 deadline has come and gone and we don't really expect.

27
28 Council President Knapp,
29 So some people have really missed this?

30
31 Joe Beach,
32 Yes.

33
34 Council President Knapp,
35 Okay.

36
37 Stephen Farber,
38 I think an important point here is that the \$5 million assumed saving target is apparently
39 going to be met and perhaps exceeded to some degree. Is that right Joe?

40
41 Joe Beach,
42 Yes.

43
44 Stephen Farber,



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1 That is good news. The next issue in the packet is the \$8 million in additional reductions
2 for County Government that were assumed in the budget by the Council at the very end.
3 As you know, a like amount was assumed for the school system. On circles 20-21,
4 where I've included the Board of Education's final action on its budget, they, in fact, did
5 incorporate those savings. For County Government, that remains to be done and Joe,
6 do you want to speak to that in terms of timetable?

7
8 Joe Beach,

9 We've already looked at a number of options, different scenarios, on how to implement
10 the \$8 million reductions. None of them, of course, are all that pleasant since they
11 involve reduction to existing programs and what departments had been anticipating but
12 we do expect to finalize our decision by the end of this month.

13
14 Stephen Farber,
15 The next -- .

16
17 Council President Knapp,
18 Councilmember Elrich.

19
20 Stephen Farber,
21 Sure.

22
23 Councilmember Elrich,

24 I just wanted to be clear, I mean, from my perspective, I wasn't necessarily looking for a
25 reduction in some County programs. I'd hoped that you would continue to deal with
26 what you're doing with the vacancies that are coming up which is look at the possibility
27 of abolishing positions, not necessarily changing what it is we do or how we do it, just
28 the number of people involved in doing it. And I would hope that the government's look
29 at this is not limited to those people who voluntarily leave, but that in fact we take a
30 broad look across all of the County agencies and look for places where positions can be
31 eliminated.

32
33 Joe Beach,

34 Yeah, the first place we always look is for, you know, those reductions we can achieve
35 without a service impact. However, as a practical matter, you get to a point where,
36 especially a figure a large as \$8 million where it is difficult to make those reductions
37 without some sort of impact on service levels. The departments do have several
38 vacancies. The budgets and their service programs are built on an anticipation of filling
39 most of the vacancies at least in a timely way in order to be responsive to, you know,
40 demands for service and their own departmental missions.

41
42 Councilmember Elrich,
43 \$8 million translates to?



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1 Council President Knapp,
2 Marc, microphone.

3
4 Councilmember Elrich,
5 Sorry. \$8 million translates to about 80 positions if you include benefits?

6
7 Joe Beach,
8 You know, roughly, yeah.

9
10 Councilmember Elrich,
11 Okay.

12
13 Council President Knapp,
14 Councilmember Leventhal.

15
16 Councilmember Leventhal,
17 Well, I'll just share anecdotally, I had a conversation with a ride-on bus driver recently
18 and that's an example of a workforce where there's a direct correlation between
19 positions and service. You are running routes, if you don't have a driver, you can't run
20 the route. If you don't have enough drivers then you're leaving passengers behind
21 because your bus is full. You cannot cut positions without effecting service. There is a
22 one-to-one connection.

23
24 Council President Knapp,
25 Just a question I should have asked on the last item. Will we get a report ultimately as
26 to where those, which departments those positions will be abolished from?

27
28 Joe Beach,
29 We can provide that to the Council. Yes.

30
31 Council President Knapp,
32 It would be helpful just to see, have you seen kind of a disproportionate share coming
33 out of one department or another that had had a group of folks more eligible for
34 retirement than other departments?

35
36 Joe Beach,
37 Yeah, from what we have seen, certain departments have, you know, have had larger
38 numbers of retirements. I have got to say, I haven't looked at it in proportion to their total
39 workforce and whether on a percentage basis it is more, but certainly have larger
40 departments like libraries, of course HHS, DPWT, what was DPWT, had very large
41 numbers of retirements. In part, that can be expected because they have a very large
42 number of employees as well.

43
44 Council President Knapp,



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1 Is there a process by which you will have determined which positions to abolish?

2
3 Joe Beach,

4 Yeah. Basically, we have put the, the process, we have included that, the direction and
5 guidance we gave to our departments, we provided to Mr. Farber, it's in the packet.

6
7 Council President Knapp,
8 Okay.

9
10 Joe Beach,

11 We basically put the onus on departments as look at the positions, the individuals who
12 have retired, consider what services they provide, what positions that they are in,
13 whether they are tax or non tax supported, some other guidance to them, and you come
14 forward with identifying up to half of those positions that can be abolished.

15
16 Council President Knapp,

17 Is there an expectation as you look at the \$8 million to take a more targeted approach to
18 once you've looked at the abolishing of this, these positions, if you have to go in and
19 reduce positions further to determine which departments or agencies that the Executive
20 thinks are, there is greater flexibility in or have a higher priority and so we wouldn't
21 reduce positions there, or is it, again, going to be kind of just open up to the
22 departments?

23
24 Joe Beach,

25 No, it's really on a case-by-case basis. I mean, in the first case, we've put the onus on
26 our departments to identify that. Of course, as you might expect, there has been some
27 negotiation with the departments. They come back with perhaps alternative plans on
28 how to do that. And so we are really taking it in a case-by-case basis as well with each
29 department, and in some cases, yeah, we are considering going beyond the 50%. In
30 some cases, we're going, those positions to abolish, in some cases it will be less and it
31 really depends on what the impact on that particular department is going to be. There is
32 a panel that has been established of myself, Ms. , and Mr. Adler who are looking at
33 each department, each of their cases, what positions are going to be abolished, what
34 additional positions might be abolished as well.

35
36 Council President Knapp,
37 Councilmember Elrich.

38
39 Councilmember Elrich,

40 Is there any thought to bringing in any outside consultants to look at broader structural
41 issues? I mean, I think it is very difficult for people in charge of the departments to
42 shrink the departments they've built up. I wonder, you know, a lot of organizations that
43 go through this bring in people who are from the outside to look at the structure and to
44 help figure out where and how a reorganization might achieve savings.



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Joe Beach,

To be totally honest with you, no, we have not. Last year, we did go through a pretty thorough process of looking at the structure of the County Government from that effort. We did recommend a reorganization to the County Government. The major parts of which you are familiar with. We separated the former Department of Public Works and Transportation into General Services and Department of Transportation made some other changes. That process did involve bringing officials in from other jurisdictions. We did talk to some private consultants as part of that effort as well. It was a very long effort. We think very thorough as well. We feel like we have already looked at, not that we are done, but we did make a major effort last year to look at the structure of County Government to make sure it's as efficient as possible, it's as responsive as possible. And so, at this point, we weren't really considering taking a new effort this year. Not that we are ever done with that, but we did expend a lot of our effort and energy last year to do just what you are recommending here.

Councilmember Elrich,

Maybe I have a misunderstanding about what was done. But it seemed to me that you realigned some departments and you eliminated one position. I don't think, I mean, Gordon Ayogi was the only position that was lost out of all that reorganization. I don't believe personally that there is only one position that could be lost in County Government. I thought that really last year's effort was to realign, you know, the larger scope of the departments rather than actually go in and look at service delivery and do you have the right number of people doing the right things.

Fariba Kassiri

If I can add to your initial comment on RIP process. So far, although we're going to provide the full detail to Mr. Farber, we had about four submissions from agencies, this Friday is the due date. One agency had seven positions retire. He did some reorganization and he abolished four of those positions with no service impact. Another one had two positions, they offered to abolish one with no service impact. And that, again, there is another example, so far, agencies have been very cooperative with us with this RIP process.

Stephen Farber,

One additional note, the \$5 million assumed in the RIP Program and the \$8 million assumed in the additional savings, the total of 13, what the appropriations resolution that you approved in May says about that is that the Executive will submit quarterly reports by department as to what the changes, what the results have been and the first one, they're due on September 15th, December 1, then next March 1, and June 15th. So during the course of the fiscal year, we will have these four quarterly reports as you determined there should be in May. The next subject was the likelihood of a budget savings plan being necessary in the coming fiscal year. Of course, we all recall that a few months ago there was a budget savings plan in FY08 because of the anticipated



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1 problem in the coming year. The most recent year that's comparable to this current one
2 '09, is five years ago, fiscal year 2004. That was a year that was very difficult. It was
3 sort of at the tail end of the recession at the early part of this decade. It hit the County
4 very hard because of capital gains shortfalls when the stock market fell as hard as it did
5 in the early part of the decade. For fiscal 2004, there were serious budget reductions
6 and there were also major tax increases. Nonetheless, it turned out that wasn't enough
7 and five years ago in fiscal 2004, there was not one, there were two budget savings
8 plans. They actually totaled up to 3% of department and agency budgets. Hopefully that
9 will not be necessary this year. I posed the question to Mr. Firestine and Mr. Beach and
10 their answer is clearly we will have to wait and see. We will have better numbers in the
11 fall in order to come to a conclusion. As the packet notes and Mr. Firestine's memo
12 notes, there are some objective factors out there that leave this an open question. Is
13 that a fair statement Joe?

14
15 Joe Beach,

16 Right, yeah, I would like to rule out the possibility of a savings plan, I really, we hate to
17 redo the budget as much as you do, but at this point given, sort of the indications we're
18 seeing right now in the economy, we really can't rule it out at this point.

19
20 Council President Knapp,

21 When is the first time we will get sufficient numbers from either revenue estimates or
22 projections or other things that we would see as bellwethers as to, that would give us
23 enough of an indication that we could begin to say hey, looks like we've managed to
24 dodge that bullet or whoa, we've got to really step back and take further analysis? When
25 is the soonest we could be able to see anything that might help us do that?

26
27 Joe Beach,

28 Well, if we follow our current practice, we would not expect new revenue estimates until
29 the middle, later part of November. That would give us, unless there was some
30 extraordinary event that occurred before then. If Council does change the spending
31 affordability process, it may be earlier than that. We want to work with you on that, you
32 know, process change.

33
34 Council President Knapp,

35 So we don't see any circumstance that we would run into, like we just witnessed in
36 Prince George's County where all of a sudden we have got \$48 million we need to
37 make up?

38
39 Joe Beach,

40 Like I said, if there was some extraordinary event, that may give us an earlier indication
41 than we normally do. I am trying to work with Prince George's County to understand
42 better what the basis for that change is because typically we want to, you know, at the
43 beginning of the fiscal year be revising our estimates at that point or have a different
44 understanding.



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Council President Knapp,
Councilmember Ervin.

Councilmember Ervin,
I apologize if someone's already addressed the question, but I'm going to go back and sort of piggyback on what Councilmember Elrich was asking a little while ago. My question is, is there a timeline that you are going to present to us on how you're going to get to the \$8 million reduction? Did someone already cover that?

Joe Beach,
We were going to follow the timeline that was in the Council resolution. We expect internally to make our decisions by the end of this month and begin implementation of that and we expect that we will be able to provide a report to the Council by I believe it's September 15th, there's three reports required within the Council resolution. So as early as September 15th, we will be able to provide a report to Council on both the RIP Program, I believe it is, as well as the, how we're going to implement the \$8 million in savings.

Councilmember Ervin,
Okay. Thanks.

Stephen Farber,
Joe, you mentioned as Tim's memo mentions, that the Executive hopes by the end of this month to have framed in his mind how to achieve the \$8 million in savings. You will be able to communicate that to us at that point? In terms of the overall battle plan.

Joe Beach,
Can I get back to you on that?

Council President Knapp,
Well, and to be fair, I think that, I don't think we expected a hard, fast, this is exactly how we're going to do it by the end of July. I think we anticipated there would be some flexibility there so that if the RIP Program or there was potentially additional people who may have been eligible that didn't take advantage, or there may be other things that you'd want to look at during the course of the year that may become clearer in December that may not be quite as obvious in July. I think that there was an expectation that there'd be some flexibility there.

Stephen Farber,
Right. The first formal report is not due until September 15th. But if you know the overall parameters of what you're trying to do, that would be helpful to know. If you established those any earlier than that.



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1 Joe Beach,
2 Okay.

3
4 Stephen Farber,
5 As opposed to the specifics.

6
7 Council President Knapp,
8 Councilmember Floreen.

9
10 Councilmember Floreen,
11 Thank you. I brought together some folks a couple of weeks ago to talk about the
12 property tax issue generally and David Plat joined us as Chief Economist for the County
13 just to really more or less tell us what he told the bond houses when he went up to New
14 York with Ms. Trachtenberg and Mr. Knapp and Mr. Leggett to discuss the County's
15 bond rating. What he told, and I'm not sure if he told this to the bond houses exactly, but
16 his assessment was that, as our notes indicate, that with the reduction in construction
17 on new residential properties, we are not going to be seeing a growth in the property tax
18 base. There has, and the other point that he made was that there has been no job
19 growth. In fact, job loss in the past year. So, I am wondering how, I am not sure that
20 those factors indicate, were worked into the projections that we had from you all when
21 we took up our budget during the spring. That was sort of a backward looking
22 opportunity in June, a little later from when we had had the established numbers upon
23 which to base our budget. My concern is, isn't it more likely than not that we are not
24 going to see the revenues coming in to support the budget that we approved?

25
26 Joe Beach,
27 You mean the FY09 budget?

28
29 Councilmember Floreen,
30 Yeah.

31
32 Joe Beach,
33 I think we were fairly conservative in our estimates in the FY09 budget. I don't think
34 there is any, from what I know, Mr. Plat wants to, or Mr. Hagedoorn wants to say
35 anything differently, but I think we are pretty solid on our property tax estimates. We
36 were fairly conservative on our income tax and transfer and recordation.

37
38 Councilmember Floreen,
39 Right.

40
41 Joe Beach,
42 I know, just sitting in the budget office looking at the revised estimates, I considered that
43 we had pulled those back pretty significantly from where they had even been pulled
44 back before in November. I don't know that we have a different basis. It was fairly



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1 conservative to begin with and I think we are probably just realizing that as well, but
2 Ron, do you have anything to add to that?

3
4 Ron Hagedoorn,
5 No, I think that is correct. We had anticipated very little employment growth as you
6 indicated. Depending upon which measure you use, there are either a small decline or
7 there is no growth whatsoever. But we were not showing any robust growth whatsoever.
8 Pretty much what we are seeing is very small growth in the low single digits 3 or 4%,
9 that is more or less what we're seeing in our, what we have in our forecasts. That is
10 pretty much inflation. Very modest wage growth. What is going to happen with the stock
11 market effect and real estate effect when it comes to capital gains and those two areas,
12 that is pretty tough but we are not showing a lot of growth as indicated. With respect to
13 housing market, we are already, we have pulled it back significantly. Double digit. That
14 is exactly where we are ending up. We are down 26% when it comes to residential real
15 estate transfers. We are pretty much in line with where we anticipated to be assuming it
16 doesn't decline any further.

17
18 Councilmember Floreen,
19 So that number is even a little larger than what we heard a couple of weeks ago. It was
20 down 22%. So those numbers are always going to be in fluctuation, I don't doubt that.

21
22 Ron Hagedoorn,
23 Yeah.

24
25 Councilmember Floreen,
26 It continues to be something to watch.

27
28 Ron Hagedoorn,
29 Yeah, I mean, June was, the preliminary numbers are a little bit better than they were in
30 May, but compared to last June, and June tends to be a very strong month traditionally
31 because it picks up the spring sales and it was down, I think 28% or 26% or 29%
32 compared to June of last year. We continue to see a very depressed housing market.
33 No surprise to anybody who sees the paper, reads the stories.

34
35 Councilmember Floreen,
36 Can you speak to the issue of why Prince George's County was required to make that
37 sort of.

38
39 Ron Hagedoorn,
40 I'm not.

41
42 Councilmember Floreen,
43 Adjustment in their projections.



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1 Ron Hagedoorn,
2 I mean, I don't know what their forecasting procedures are. All I can tell you is that we
3 track it very closely and that we saw the writing on the wall a long time ago. We pulled it
4 back in November already and we pulled it back even further again for the FY09 budget.
5 So, it looks like we are right on schedule.

6
7 Councilmember Floreen,
8 Okay. You will, of course, keep us informed if you get any preliminary indicators?

9
10 Ron Hagedoorn,
11 Absolutely. If the situation changes.

12
13 Councilmember Floreen,
14 I know we hear from you on a quarterly basis but presumably you have internal
15 information that is more based on monthly returns.

16
17 Ron Hagedoorn,
18 We have regular collection data but as Joe Beach indicated, we don't use the data for
19 forecasting purposes other than twice a year, one for SAG and then one for the budget.
20 Because, I mean, doing it more times doesn't necessarily enhance the quality of the
21 forecast.

22
23 Councilmember Floreen,
24 Sure. Sure. I appreciate that.

25
26 Stephen Farber,
27 One thing that we have done this year at the Council President's request is to schedule
28 quarterly updates on revenues and expenditures. We have not done that prior to this
29 year. I think it was a useful suggestion. Those are scheduled on a quarterly basis so
30 that we do have a sense, for example, on the expenditure side if there have been
31 changes one way or the other, we pick those up earlier and the same is true for any
32 extraordinary development in revenue.

33
34 Councilmember Floreen,
35 Okay. Thanks.

36
37 Council President Knapp,
38 Councilmember Trachtenberg.

39
40 Councilmember Trachtenberg,
41 Thank you President Knapp. I would absolutely confirm that certainly during the trip to
42 New York to the bond rating agencies, we were very thorough in the information that we
43 provided. But we certainly, as always, have a very conservative posture and I think that
44 is universally understood certainly by the bond rating agencies. There was some



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lengthy discussion at all three of the agencies about a long-term strategy. Again, you know, there was a universal recognition that the problems clearly are not short-term and one of the things that we were asked repeatedly about were, you know, well, again, program savings and what was the process in terms of how we were going to define them and what could they be. That was brought up at every single one of the agencies that we went to. I think that it is important to keep in mind. So when I look at the discussion on the budget savings plans and the likelihood, I don't know, it seemed to me that we are still in a few months going to be in a position where we are going to have to reduce spending. I'm sort of anticipating that a savings plan might very well come down the pike. I would hope that we continue to work so that savings are more readily recognized and planned for so that we are not always responding to "an emergency" and again, you know, the questions that have been raised by colleagues about what went on in Prince George's County, I'm not familiar with their process. I know the batting average of our fiscal team is fairly high. I don't recall what the percent is but we're pretty close usually with our projections in terms of what the actual numbers eventually are.

Council President Knapp,
Okay.

Stephen Farber,
Moving ahead to the next issue. This is the prognosis for fiscal '10 which starts, of course, a year from now. As the memo from Mr. Firestine indicates, the current projection is that we are facing a gap in the range of \$250 million. That is not unusual at this stage of the process, and the assumptions that go into that number, of course, are critical. One of them is the 10-year average of expenditures plus the retiree health benefits issue. That is about an 8% growth. Revenue growth is projected at just 4.2% and that includes property tax at the charter limit. So, those are the key assumptions that lead to that \$250 million number and the obvious conclusion from that is that expenditures can't rise at 8% if you are going to adhere to the other assumptions about revenue. And the Executive, according to Mr. Firestine, at least at this stage, does not plan to recommend expenditure growth at that 8% level and clearly, absent a substantial change in the fiscal picture, new spending reduction options will have to be considered. It is still very early, but the signs are clear that we are going to have to approach fiscal '10 in a cautious way as we did fiscal '09.

Council President Knapp,
Just to clarify that point, we were just talking briefly, I think that if I did the math roughly right, if we assume a rate of growth more consistent with what the Council just approved in our budget this past year, you would take that \$250 million gap down to about \$40 million.

Stephen Farber,
That is correct.



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Council President Knapp,

Right? So, I mean, so assuming just slowing the rate of growth, you actually get us in the ball park. So, it's not that we shouldn't be looking at all of the tea leaves and looking for any flags out there waving on the horizon, but basically slowing the rate of growth keeps us where we need to, you know?

Stephen Farber,

That's correct. And of course, the challenge particularly after this year's slow rate of growth is keeping the rate of growth at a slow rate.

Council President Knapp,
Right.

Stephen Farber,

Because there are lots of dynamics in the budget. There are spending pressures that we are all familiar with. It is a challenge to restrain spending in the way that the Council succeeded in doing it this year. The second issue with regard to fiscal '10 has to do with something that, at Mr. Knapp's suggestion, started three years ago. This was a resolution. The first one was three years ago to set annual budget priorities. And to do it by October 1st each year to help establish a framework for the coming year's budget. That was done in September of 2005, 2006, and 2007. What I have included in the packet on circles 7 to 9, is the resolution that you approved last September for priorities in fiscal 2009. On that day, September 25th of last year, Mr. Leventhal, you raised some questions and other Councilmembers did about this process. The question before the Council right now is, given the fact that if you are going to do this process, you have to start it really at the end of this month. Does the Council want to continue this exercise in its present form or modify it in some way or replace it? There have been lots of advantages to it. I think, Mr. Knapp you said last September that the processes worked well in some respects although it hadn't fully met your expectations. I think one reason is it is hard for the Council as early as September to be crystal clear about priorities for a fiscal year that is not going to begin for nine months thereafter. That is the question that we wanted to put on the table for discussion today.

Council President Knapp,

I think you captured you it well and I think, I heard pretty clearly last fall that there was some reluctance to want to continue this. I guess, in light of the conversation we're having, I've heard Councilmembers, you know, have concerns about how priorities may be set as far as abolishing positions or moving the positions. Is there anything that Councilmembers want to give as guidance to the Executive Branch as they start to formulate the budget or not and that is really the question for the day. Either answer is a fine answer. We just need to make a decision and go with it. Councilmember Leventhal.

Councilmember Leventhal,



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1 I think it is unlikely given the nine different points of view that we would end up with a
2 document that would give any real clarity to the Executive Branch. I come out thinking
3 that this is probably not worth putting the MFP Committee through this summer and fall.
4 I mean, if you ask me right now what the top priority ought to be for County
5 Government, my answer would be jobs. I mean, if we look at the reversal of fortune on
6 jobs and the effect it's having on revenue, I would like to see a heightened focus on
7 jobs. I don't know if all my colleagues agree with that. I have an understandable focus
8 on Health and Human Services, and certainly when the economy is down people at the
9 low income end of the spectrum suffer the most, that requires spending. But if I
10 advocate for my Committee's priorities, surely the other five Committee Chairs are
11 going to advocate for their Committees' priorities and what we end up with is, you know,
12 the same corned beef hash that we've got here.

13
14 Council President Knapp,
15 Last year, everything was important.

16
17 Councilmember Leventhal,
18 Here in circle eight, so, you know, I'm happy to state what I think the priorities ought to
19 be. But I'm not clear that if all nine of us put that through the blender we're going to end
20 up with anything really useful.

21
22 Council President Knapp,
23 Okay. Councilmember Floreen.

24
25 Councilmember Floreen,
26 Thank you. Well, I do agree with Mr. Leventhal. We have pretty much covered the base
27 of social and structural priorities in our regular commitment to solving all problems of all
28 people in our current list of priorities. You know, I hosted a property tax forum a couple
29 of weeks ago, as I mentioned. And what people talked about was growing the base,
30 about jobs, about addressing the issue of what Montgomery County gets back from the
31 State of Maryland in the general session. I don't know if our number is still 19 cents on
32 the dollar. Do we know that?

33
34 Council President Knapp,
35 I thought it was 13.

36
37 Councilmember Floreen,
38 Well, depending on how you do the math. Joe, have they done the recalculation again?

39
40 Joe Beach,
41 I would have to get back to you on that.

42
43 Councilmember Floreen,



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1 I would love to have that number, but the 19 cents on the Montgomery County dollar
2 returned to Montgomery County is a message that we are not sure that Montgomery
3 County residents hear when we look at budgetary issues. Likewise, the issue of making
4 sure that we have a tax base that can fund everyone's priorities out there is rarely
5 articulated. If we were able to articulate those objectives in a set of budget priorities,
6 that would be one thing. I'm not sure that we are there at this point. The real issue is
7 looking at revenue sources. Because, I think, you know, we are asking the County
8 Executive to go through a very difficult task, I know of finding \$8 million in savings. Will
9 they be successful? We shall see. Absent a lot of pain to employees or residents? I'm
10 not sure. But at the same time we need to look at other revenue sources. I think the
11 property tax burden is pretty much at the limit as far as I'm concerned. We need to look
12 at other taxing district approaches. We need to look at public- private partnerships. That
13 is what our infrastructure maintenance taskforce identified for us a couple of years, last
14 year and in previous years. I mean, we have a backlog of needs that needs to be
15 funded. If we could construct this in a way that focused on discreet overriding objectives
16 for finding resources, I think that would be a good thing. But saying we're going to, you
17 know, gosh.

18
19 Council President Knapp,
20 Fund everything?

21
22 Councilmember Floreen,
23 What did we leave out? We have got recycling. We have got parks maintenance. We
24 have got roads. We have got transit. We've got education. We have got, you name it.
25 We are really committed to solving all these issues. I don't think the current approach
26 that we employ gives anybody any help in crafting a budget or assessing the variety of
27 issues that come before us in prioritizing them. Not unlike, you know, what we're going
28 to have a public hearing on tonight looking at user fees for services. Things like that.
29 That would actually help us with the conversation about delivering services in a publicly
30 acceptable fashion or not. At least we would have that conversation. The way we have it
31 listed now, I don't see that we have missed an interest group in our efforts to serve them
32 here. But we haven't offered anyone any help. So I would agree with George that if we
33 were going to pick a couple of priorities like increasing the tax base, bringing new jobs
34 into the County to provide us with the revenue that would help us fund everybody's
35 objectives, I think that would be a good thing. Can we do it? I don't think this approach
36 that we've adopted so far, we're talking about spending here not resources and if we
37 turn it around and talked about priorities for resources, maybe we could get somewhere.
38 Right now, our approach, I think, is not productive.

39
40 Council President Knapp,
41 Okay.

42
43 Councilmember Floreen,
44 We could save money with fewer pieces of paper.



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1
2 Council President Knapp,
3 Councilmember Trachtenberg.

4
5 Councilmember Trachtenberg,
6 Thank you President Knapp. I would agree with both my colleagues. You know, I recall
7 the conversation that we had last year about this and, you know, it would seem to me
8 that if we are going to put a focus, it is really more on the performance, the
9 accountability features, and that prioritizations should reflect performance to some
10 degree. I would like to see us continue to work with the Executive Branch on County
11 Stat and other initiatives because I think as we go down the road and the revenue
12 situation remains tight, perhaps it improves in the short-term, but I think it is really those
13 efficiencies that are the areas to focus on. Quite frankly, I would agree with my
14 colleagues that going through the exercise of priority setting is really not a good use of
15 Council's time. But I would selfishly submit that I don't think it is a good use of time
16 within MFP either. I would rather continue the work that we have on the guidelines. I see
17 that as, in the long run a more meaningful exercise for the Committee to pursue.

18
19 Council President Knapp,
20 Councilmember Ervin.

21
22 Councilmember Ervin,
23 Coming back around to the comment I made earlier just in reference to Councilmember
24 Floreen's remarks concerning the County Executive's or County Government's \$8
25 million, finding the \$8 million cuts. I just wanted to, in response to that, say that MCPS
26 has already made its cuts. As a result of those cuts, there have been significant layoffs
27 and other programmatic changes since we passed the budget. If, you know, the school
28 system has been able to make those cuts already and send us over the list of cuts and
29 where they are occurring, I think that that is why I asked the question about the timeline
30 because I think it's really important that we are asking agencies to take those cuts.
31 Some of them have already responded in kind. I just wanted to sort of make that
32 comment so folks know that agencies are doing it and in the process of doing it.

33
34 Council President Knapp,
35 Councilmember Elrich.

36
37 Councilmember Elrich,
38 I don't think that jobs are a necessary panacea for any of this. It seems like we forget
39 that we have got this enormous deficit and infrastructure that didn't get paid for by the
40 last huge round of growth. And that just simply saying we need to grow the tax base
41 when we spent 12 years growing the tax base and we sit here with a terrible budget
42 mess. We've got, the numbers we've seen on deferred maintenance on roads, deferred
43 maintenance on every building in the County, deferred maintenance on the school
44 system, and this huge list of unbuilt transit projects, leaving aside the mass transit



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1 projects, just the road projects, none of which any of the growth paid for. So why one
2 would assume that simply attracting jobs or getting some more jobs would magically
3 produce the revenues to pay for, not only what you need to support those jobs, but to
4 dig us out of the hole that we are in right now. I just think that's wishful thinking and it
5 also ignores the fact that the big hit the County takes on the income tax is not massive
6 unemployment in the County, it is massive reduction in peoples', you know, taxable
7 income because of what the stock market's doing. If the stock market were doing
8 something different right now, and it had done something different last year, we would
9 not be in this mess. It is not a jobs issue. It is not that the shrinkage of jobs in some
10 sectors has had some effect, but the big impact on our budget is the change in people's
11 income tax and what is available is available to us and the fact that people are not
12 buying homes, which is nothing the County did. You've got, what is Park and Planning's
13 number, 28,000 housing units approved. They aren't being held up by the County. They
14 are being held up by market conditions that we don't control. The 100,000 jobs already
15 approved in Montgomery County under the old growth policy, not being held up by
16 anything this Council does, being held up by general market conditions, so I think you
17 need an improving national economy and we all know that, and I think everybody here
18 would agree that a major change in foreign policy and a major change in where dollars
19 are going at the national level would have a trickledown effect on all of us that would be
20 beneficial. But to think that there is an easy panacea that somehow there's a right
21 number of jobs, if we grew the way we grew over the past 12 years, we would just be
22 digging ourselves a deeper hole. So if there's a formula for jobs, there's got to be a
23 formula for revenue that comes along with those jobs that lets us make sure that the
24 infrastructure is there. Otherwise the next Council and the next Councils will be dealing
25 with the problem we have today magnified two or threefold. So I don't think there's any
26 easy panacea out of this mess.

27
28 Council President Knapp,

29 Last comment on this then we actually have to get to the next elements because we've
30 got to wrap this up to get to the Charter Review discussion. Councilmember Leventhal.

31
32 Councilmember Leventhal,

33 Well, I do think it would be worthwhile if our Department of Finance and our Department
34 of Economic Development and our OMB would work together and give us some hard
35 data on what is actually occurring with respect to economic growth and what that means
36 for our tax base and what that means for tax revenues. We can have abstract
37 discussions here without the benefit of a lot of data. I know that the PHED Committee
38 began a discussion on the economic development strategy with DED. I don't have the
39 sense that we have a real clear picture for how at the County level we're going to try
40 and get back to economic health. I have a bias towards thinking that a healthy economy
41 is probably a good thing for the people who benefit from it. We may have some
42 disagreements about that. It sounds like we do. But it would be useful to have some
43 hard data about whether a growing tax base and growing tax revenues actually have
44 any connection whatsoever to the rate of job growth and whether the local economy is



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1 healthy. There is no question that we are affected by national trends. There's no
2 question that we're affected by foreign policy decisions. But we also have some
3 responsibility here in Montgomery County to develop a strategy for jobs and opportunity
4 and I don't have the sense that we have that.

5
6 Council President Knapp,
7 Mr. Farber, if you would take us through the remaining couple items on this one.

8
9 Stephen Farber,
10 Right. Quickly, there are a host of budget related items that the Committees have
11 scheduled for review and they're listed on circles 10 to 11 of this packet and other items
12 will be added as needed. With regard to County Stat and performance measurement,
13 we know that the outside agencies, MCPS, the College, Park and Planning, and WSSC
14 all have extensive performance measures of their own. Some of them related to state
15 requirements and the Committees that oversee them work with those agencies on those
16 performance measures. In County Government, as you know, Montgomery measures
17 up, has been phased out. The County Stat has been introduced. And I've included in
18 the packet on circles 12 to 14 some summary materials from the County Stat website. A
19 lot of very good work is being done there in the weekly presentations. Our analysts are
20 attending those, participating in them. There are four departments so far that have on
21 the website published performance plans, Corrections, DHCA, Fire and Rescue
22 Service, and Recreation. And I have included the Recreation performance plan in the
23 packet for your review. I think the critical need now given the good work that is being
24 done at County Stat is to make sure that we create a linkage between that work and the
25 Committees. So, our analysts are going to be monitoring what is going on with County
26 Stat and to bring it to the attention of Committee Chairs so that items can be scheduled
27 that are performance related from a County Stat's work as appropriate. A good example
28 is Fire and Rescue overtime. That is something that the Council staff has worked a
29 great deal on, so has OLO, as well as County Stat. The Public Safety Committee has
30 spent a great deal of time on that and related Public Safety overtime. That is a good
31 example of where what County Stat is doing can be integrated with what other folks are
32 doing so that we get the maximum benefit from it. That will be continuing on a regular
33 basis.

34
35 Council President Knapp,
36 A quick point there. I have not been necessarily notified. I know that you schedule which
37 departments are coming fairly well in advance before they're coming for County Stat
38 review.

39
40 Fariba Kassiri ,
41 Yes.

42
43 Council President Knapp,
44 Whatever Friday they do it.



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1
2 Fariba Kassiri ,
3 Yes.

4
5 Council President Knapp,
6 Would it be possible Steve for us, just for our staff, just to notify the various Committee
7 Chairs of departments that fall into their jurisdiction to let them know before that one is
8 coming up and if they show up for that, that is great, but I mean, at least that way they
9 are aware of it.

10
11 Fariba Kassiri ,
12 Yes.

13
14 Council President Knapp,
15 That would be great.

16
17 Stephen Farber,
18 Yes. We will make a point of that.

19
20 Council President Knapp,
21 Okay.

22
23 Stephen Farber,
24 Because some of those presentations may well be of interest to Councilmembers.

25
26 Council President Knapp,
27 Right. Okay.

28
29 Fariba Kassiri ,
30 Can I make just one clarification? I think Mr. Farber mentioned there were only four
31 performance plans posted on the County Stat website. That is just a form we developed
32 to publicize department's performance plan. Every single department do have a
33 performance plan and that headline performance measures were published in our
34 budget submission for FY09, so I just want to clarify that. As soon as we refine those
35 headline measures, we are going to post every single performance plan on County Stat
36 website.

37
38 Council President Knapp,
39 Okay. Go ahead Steve.

40
41 Stephen Farber,
42 Yeah. Two other quick issues. One is the spending affordability process.
43 Councilmember Trachtenberg and the MFP Committee have been working on trying to
44 revise the SAG process. As you recall in 1990, the voters approved a charter



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1 amendment requiring a spending affordability process. The Council was to enact a law
2 to implement that process. They did in 1991. The law has been amended a number of
3 times since. I think there is a general view that the operating budget affordability
4 process does not work nearly as well as it ought to. Councilmember Trachtenberg and
5 the MFP Committee have been working to make it more useful and more relevant.
6 Chuck Sherer has done some excellent background research and laid out a number of
7 options. The Committee last week actually unanimously came to closure at least on a
8 tentative basis with respect to some significant revisions in the process. In a nutshell,
9 instead of having a spending affordability guideline approved in December, which we do
10 right now and then modified in April, instead of doing it twice, it would be done once
11 later on in early February. That way there is more data. We know what the governor's
12 budget in January would have said. We have more fiscal information. Then, what we
13 would do in the fall, in September, is to have our semiannual fiscal plan update. We
14 would look at the revenue picture, we would look at personal income growth which is
15 what Baltimore County and the State rely on very heavily as it's projected to be. That
16 would give guidance, again, it would not be a guideline in September, but it would give
17 guidance to the outside agencies, the schools, the College, and Park and Planning in
18 particular. It is during the fall that they actually set their budgets. Right now, we have a
19 situation where in December the Council approves a guideline, it has a number for
20 example for the school system, and then two or three days later, the superintendent
21 comes out with a budget and the budget this year was \$104 million higher than the
22 guideline that the Council had set just two or three days before. There is a disconnect
23 there that really doesn't stand up under scrutiny and I think what the MFP Committee
24 has been doing and the direction in which its going is very productive. I talked last night
25 with Mr. Firestine about that. He thinks it would be a much more productive approach.
26 We'll be refining that. The Committee is meeting next Monday. Mr. Faden is drafting
27 some possible legislative changes that may be introduced on the 22nd of July. It will be
28 heard at public hearing in early September when the Council returns. And we may be
29 able to have a much more productive process, a useful and relevant process as
30 Councilmember Trachtenberg has said in place this fall for fiscal '10.

31
32 Council President Knapp,
33 We look forward to that. Thank you.

34
35 Stephen Farber,
36 I think that would be.

37
38 Council President Knapp,
39 Thank the Chair and the Committee for undertaking this.

40
41 Stephen Farber,
42 That would be very constructive. The final point I raise has to do with workforce right
43 sizing. It's really an extension Mr. Elrich of what you were saying. Basically, we have not
44 been aggressive about workforce right sizing. We are when we have to be, when we're



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1 sort of forced to be. But I think there are systematic ways of going about workforce right
2 sizing through the use of outside consultants, through other means that we really have
3 to take into account. I mean, the fact is that we are going to have increases in our costs
4 for salaries and benefits. They may be larger, they may be smaller, but there are going
5 to be increases. And given our current fiscal environment we really have no alternative
6 but to look hard as the private sector consistently does at the size of our workforce. We
7 spend heavily on technology, we ought to have some benefit from that. I think the
8 Retirement Incentive Program is a very small step in this direction, it's going to abolish
9 60 positions, that's good but for the size of the government, County Government, you
10 know, we have, we have 9,000 work years in County Government. It really is a very
11 modest step. Interestingly, Councilmember Ervin was talking about MCPS and the fact
12 that they have rationalized their budget. They had requested 182 new positions in fiscal
13 '09. As a practical matter, their budget has 66 fewer positions than they did in the last
14 fiscal year, fiscal '08. That's a difference of 248 positions. And MCPS, the Board of
15 Education has stepped up to the plate on that as Councilmember Ervin was saying, but
16 it also shows that's a little bit more than 1% of their total workforce. And clearly, no one
17 has been laid off. No one is, well, according to the Board's own presentation here,
18 people have been put in alternative positions. That is to say I think no one has been
19 cashiered. At least as I read what the Board itself says.

20
21 Council President Knapp,

22 What I think, I mean, I appreciate your bringing this to our attention, Steve and I think
23 it's something that you did, you brought to our attention in the budget and I think given
24 the comments that were made as it relates to collective bargaining this morning, I know
25 some of the performance measures that the Committee is looking at and given some of
26 the issues that I know we're going to look at over the course of the next couple of
27 months as it relates to whatever plan that the Executive is going to come forward with
28 for the additional \$8 million we're looking at with the RIP, I think this folds right into that
29 and is something we ought to kind of take a look at through MFP and through our
30 further discussion just to see are there some logical places that we can we can roll this
31 in.

32
33 Stephen Farber,

34 Right. I think it's a concept that as different Councilmembers have said from different
35 perspectives is something that we'll want to pursue over time.

36
37 Council President Knapp,

38 Yep. I think it fits in there. Okay. Good. Very good packet. Thank you all, thank you for
39 your participation and this is a conversation that we will have much more often. Thank
40 you very much. We now turn to Worksession, Proposed Charter Amendments and
41 recommendations of Charter Review Commission. I just want to remind everyone this is
42 a worksession, and we actually have action tentatively scheduled for July 22. Yes,
43 ma'am. Okay. And we have been joined by Nancy Soren who is the Chair of the Charter
44 Review Commission. I believe we have a couple of other of the Commission, as well,



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1 with us as well. Nancy, come up and join us. Okay. Who's leading us through the
2 discussion?

3
4 Mike Faden,

5 The Charter Review Commission and the report presented to you this year
6 recommended one Charter Amendment for the 2008 ballot as required by state law.
7 Resolution is before you for adoption this month. It does not have to be adopted until
8 August, but consistent with the Council's calendar, it's normally taken care of in July.
9 That amendment would repeal three sections of the Charter, sections 311a, 311b, and
10 313a, all put on the Charter by petition and ultimate voter approval back in the 1980's,
11 two of which have the enforcement of which has been restrained by court order. The
12 third one, those two and the third one we believe, as the staff memo in the packet
13 indicates, are legally ineffective under the case law interpreting the state constitution's
14 Charter provisions essentially because they legislate in the guise of a Charter
15 Amendment. And so the Charter Review Commission recommended that the three,
16 those three legally ineffective provisions all be repealed in one Charter Amendment. In
17 addition, the resolution contains language for a Charter Amendment put on by voter
18 petition, which the Board of Elections certified had met the required number, contained
19 the required number of signatures and otherwise met the requirements of law. This
20 amendment would increase from seven to nine Councilmember votes, the votes needed
21 to override the Charter's property tax limit.

22
23 Council President Knapp,
24 Okay.

25
26 Mike Faden,

27 And the function of this worksession is to get your feedback on whether the language,
28 first, whether the petition, the amendment recommended by the Charter Review
29 Commission should go on the ballot, and second whether the ballot language in both
30 cases is appropriate. You don't need to decide that now, but you need to tell us if any
31 changes are needed.

32
33 Council President Knapp,

34 Okay. First, I just want to thank the Commission for their efforts, appreciate all the work
35 that's gone into it. I know that you met quite regularly, and have come forward with the
36 proposals that you have and we're very appreciative of that. Councilmember Leventhal.

37
38 Councilmember Leventhal,

39 A few brief comments. First of all, Montgomery County has a great tradition of civic
40 leaders who devote an inordinate amount of time to making our community better and
41 Nancy Soren is very much in that tradition. I just really admire her willingness to stand
42 up on a host of issues just solely because she thinks they're in the public interest. And I
43 encounter her so often and agree with her often and disagree with her occasionally, but
44 she's just a , really the exemplar of a civic leader, and I appreciate what she does. And I



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1 just wanted to comment that one of the things I appreciate about the Charter Review
2 Commission is it, I think adhered to the doctors' oath, first do no harm. This Charter
3 Review Commission didn't feel a great need to make a lot of original law because we
4 have problems in Montgomery County, but a lack of good governance and a clearly
5 written Charter is really not among our problems. We don't at this point need radical
6 changes in the structure of County Government. And I think Charter Review
7 Commission recognized that. In particular, as we're talking about economic hardship
8 and right sizing of government and narrowing the scope of what we think County
9 Government can accomplish within tax resources, I don't think this is the time to
10 augment the size of the County Council. We are expensive, and I don't just mean the
11 half a million dollars that each of us costs in terms of our own office. We all come up
12 with great ideas. We all come up with multiple suggestions for County departments and
13 the Planning Board. And we cost a lot of money. Now that's, you know, we're elected to
14 do that. But at a time of constraint, I don't think it's wise to be talking about expanding
15 the size of the Council. And I appreciate that the Charter Review Commission did not
16 recommend that. With respect to the election of a Council President, I think that the
17 rotation amongst ourselves and having each of us, if we are able to get the votes, earn
18 the opportunity to lead amongst ourselves for a year works well. I think it's a nice
19 arrangement. I think it helps us communicate with each other and have dialogue with
20 each other, and it gives each of us a chance to delve into leadership and to get to know
21 the broad array of interests in the community and to have some interaction with state
22 government, as well. So I would not change that, and I appreciate that the Charter
23 Review Commission did not recommend a change to that. As for the elimination of
24 legally ineffective provisions, that's, it's hard to be against that. And I don't know who's
25 going to bring up Glenn Orlin's suggestion with respect to Special Taxing Districts. I will
26 pause at this point assuming that the Council President is going to give Glenn a chance
27 to explicate his.

28
29 Council President Knapp,
30 Do that. Thank you, Councilmember Leventhal. Dr. Orlin do you want to.

31
32 Glenn Orlin,
33 I'll try to keep this short. I circulated a memo to you earlier today which outlines this
34 proposal I brought up with the Charter Review Commission last fall and it's been
35 debated over the year, it was referred to a subcommittee. In short, the history of this, in
36 1990, the question F Charter Amendment which imposed the spending affordability
37 guidelines also imposed a property tax limitation. At the time, the framers, the Council at
38 the time identified, recognized there were certain categories of property tax that should
39 be exempt from the calculation of the increase in the inflation of the property tax
40 collections. And they are listed in Section 305 of the Code. And they are in the packet,
41 in the memo that I gave you, page 2. However, with things, what areas they did not
42 consider at the time, which I believe they really should have given that the, essentially
43 the whole question F initiative came out of a residential property tax revolt against the
44 general property tax increase, increases in the property tax that were coming through at



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1 the time were these special area, especially small special area property taxes which
2 we've had in many cases for years. For example, the Parking Districts, which we've had
3 since the 40's, which is an ad valorem real estate property tax assessment which you
4 opt into. If you want to meet your requirements for meeting the zoning ordinance, you
5 can choose to pay this property tax. Yet that property tax payment, those collections
6 count against the fit limit just as much as the general property tax. The Noise
7 Abatement Districts that we have, the two noise walls that were built many years ago
8 along the Beltway, which essentially we paid for out of GO Bond funds but paid back by
9 two Special Assessment Districts, which were real estate, property tax assessments. In
10 fact, those two districts will be going out of business here in a few years because the bill
11 would have been paid. But these are folks who wanted noise walls along their
12 properties against the Beltway. And they're getting that, yet the dollars that they're
13 spending is against, again counting against the fit limit. Urban Districts are a little
14 different in that they are imposed, not everybody necessarily lives in an Urban District
15 would really like to pay the Urban District tax. But I would argue that most do. And in
16 fact the Council, whenever it sets the property tax rates for the Urban Districts in
17 Wheaton, Silver Spring, and Bethesda, take into account the Urban District and the
18 urban partnership recommendations very, very seriously. And I don't recall a time in fact
19 where they've changed the Urban District tax rate to a higher level, and that was
20 recommended by the folks who are paying the taxes. This would allow, what I'm
21 recommending is essentially eliminating the small geographic areas from the fit
22 calculations to allow more of these types of areas to be created. There is a demand
23 potentially at least, and I think it's more than potentially for more Noise Abatement
24 Districts. There's been talk for years about creating more smaller Urban Districts in
25 other parts of the County in Germantown, Twinbrook, White Flint, some other areas.
26 There's been talk in current master plans about setting up Parking Districts in Twinbrook
27 and White Flint. There is an ongoing taskforce which is finishing up its work on the issue
28 called orphan roads, which you're familiar with. One of the thoughts there is that folks
29 who live along a street which is not County maintained but needs to have their street
30 upgraded to County standards or close to County standards, to be able to have the
31 County maintain them, the question is who should pay for that. Should it be the general
32 taxpayer who really gets no benefit or should it be the folks living on that street who do
33 but who can't afford to just lay out a lot of money all at once to have those roads built? It
34 could work like the Noise Abatement District, where they're, essentially they're created.
35 The County forwards the money with GO Bonds, but are assessing those property
36 owners over the course of 20 years to pay back the County. There's, and then other
37 possibilities as well that are out there. Right now any time you try do that, however, the
38 thought is in the back of your mind, well gee, if I collect money for that, that's less
39 money that I can collect for just the basic services that are backed by the general
40 property tax. So the thought was to include this in the category of the other five types of
41 monies which are exempt from the property tax limitation. But to put a limit on this, as
42 well, because you can see where, if you get a little bit carried away with this, folks are
43 thinking that, well gee, maybe we'll just set up little Urban Districts everywhere and
44 essentially totally get around fit. So my recommendation back last fall and still my



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1 recommendation is to have this exemption but to limit it to 10% of the County's total
2 assessable base. That no more than 10% of it could be exempt under this category.
3 The Charter Review Commission referred this proposal to a subcommittee. The
4 subcommittee came back with an alternative formulation of this, which was a little bit
5 more conservative but still maintained the same spirit, which said, yes, exempt these
6 types of districts, but to limit it to 2% or 2.5% of the collections of, Countywide from real
7 estate property taxes. You'll see the first, my recommendation and the subcommittee's
8 recommendation on page 2 of my memo that I circulated out earlier. When it went to the
9 full Commission and Nancy here can talk about it some more, there was discussion
10 about, well, has there been enough public input on this issue? There was concern about
11 some folks who lived in the municipalities. Well, can the County establish such a taxing
12 district within a municipality? Well, the answer is I believe yes, they can, with or without
13 this provision. The question is whether or not would it be easier for the County to do it
14 with this provision? I think the answer is yes. But the history of the County setting up
15 Special Taxing Districts, I've been working with the County for 25 years, and I don't
16 remember a time where we established a Special Taxing District which has not been
17 asked for by those who are going to be taxed. And so rather than a sort of a boogiem
18 possibility out there, I'll just come in there and put in some kind of district that nobody
19 wants, I don't think, I think that's just, just really not going to happen. My
20 recommendation essentially is go forward with the proposal, proposed language at the
21 top of page 2 of my memo, or alternatively, that's, if you want to go a bit more
22 conservatively, the second version, from the middle of page 2 of the memo and include
23 that on the ballot for the voters to make a decision on. Then over the course of the next
24 two years, before the next election, frankly, you can demonstrate in the FY 2010 and
25 2011 budgets that in fact it's not going to lead to the dire circumstances that some folks
26 might think this might lead to, and meanwhile provide for some projects and programs
27 which we can't otherwise fund.

28
29 Council President Knapp,

30 Okay. I was going to, Councilmember Floreen had her light on, and then I want to turn
31 to the Chair of the Commission just to see if she had any comments on the proposal.
32 Before I do that though, Mr. Faden, what, this is just a worksession today, so we don't
33 necessarily have to make a motion to do anything. If there's an interest on the part of
34 Councilmembers, do we need to say, somebody needs to say something, have specific
35 language drafted or what?

36
37 Mike Faden,

38 It would be helpful, it would help staff to prepare the final resolution to get a straw vote
39 on this concept today if you are so inclined. We don't have to, but it would advance the
40 process to do that.

41
42 Council President Knapp,

43 Okay. Councilmember Floreen, Ms. Soren, and then Councilmember Elrich.



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1 Councilmember Floreen,

2 Thank you. Well, I would propose that we take up Glenn's recommendation and put the
3 language at the top of page 2 of his memo here on the ballot. This would, it permits us
4 to establish a Special Taxing District that covers the limited geographic area, and it will,
5 we have that authority but the revenue from that would not be subject to the, our current
6 Charter limit to the extent it doesn't exceed 10% of the total County assessable base.
7 Glenn reminded me when Garrett Park was working with the State of Maryland and
8 Strathmore Avenue was undergrounded, the State agreed to do X, Y, Z parts of the
9 project. But the town wanted to underground the utilities. I lobbied Mr. Andrews on the
10 subject, I think, years ago. He was the only one left from that time. And of course the
11 small community couldn't afford it. However, if there had been an ability to work, if the
12 municipality had had the will to do it and work with its neighbors along a lengthier road
13 that actually traverses property owned in Kensington as well as County property,
14 perhaps we could have established a Special Taxing District which would benefit those
15 precise communities for undergrounding utilities there, which was incredibly expensive,
16 it's like \$2 million an inch according to the State. But would make a big difference to that
17 community. It's really a, it's really serving a special need, a special request, a unique
18 characteristic of a community that shouldn't really be a burden of other parts of
19 Montgomery County. Why would we ask someone out in Germantown to be, you know,
20 in effect responsible for paying for special benefits that a discreet community in another
21 part of the County wants? Now, one could argue surely that, well, that's the deal with
22 government. But at the end of the day, there are some unique projects that we all want
23 to advance that really only benefit certain property owners. And as we go forward in
24 terms of looking at creative financing initiatives that do, you know, harkening back to our
25 previous conversation, that do take more burden off the average property taxpayer, we
26 are going to have to look at special districts of one sort or another. Yesterday, we were
27 talking about historic preservation issues on a Woodfield Road. And community
28 members said, well, you know, we'd like some lighting. What about sidewalks? And so
29 unique characteristics of certain communities might be the kinds of things that we could
30 support and fund through these kinds of creative financing programs. That's not a given,
31 but at least you could have a conversation and it would allow some more flexibility. I
32 know as we were looking at infrastructure financing and we have, right now we,
33 development districts are already excluded from the total. But we're going to continue to
34 look at more creative financing solutions which I think is a more equitable approach to
35 moving forward on our unending infrastructure costs throughout the County. There's no
36 disagreement that we've got big costs that haven't been paid for. Without casting blame
37 on anyone, it just hasn't happened. And we as a collective body are interested in
38 making things happen. That requires dollars that in this period of challenging fiscal
39 reality, you know, it's the only way we're going to have to do anything new and creative
40 and responsive. So I think, I appreciate the concerns that were discussed in the, I read
41 the minutes of the Committee, I did have a conversation with you all about this with you
42 all, as well, and I think that this Council, I think the fear that this Council would do it in a
43 willy-nilly fashion is something that we hope to disprove, that our efforts at collaboration
44 and transparency really do allow for some, you know, significant community buy-in to



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1 anything of this nature. And we're going to be looking at this sort of thing I'm sure in the
2 White Flint plan, we're going to continue to look at this as, in a variety of arenas. And I
3 think my little example is I think the kind of thing that municipalities on their own might
4 not be able to finance. But taking the benefit of the County's fiscal, financial
5 opportunities for bonding and GO Bonds and the like, it allows actually a solution for
6 small, small areas that would like something special for them. So I think this is a good
7 way of moving us forward in the financial arena.

8
9 Council President Knapp,
10 Ms. Soren, if you have any comments?

11
12 Nancy Soren,
13 Well, I would just say that Mr. Orlin pretty much, fairly characterized what the concern
14 was. It was at the last minute, some of the Commission members were afraid that this
15 strategy would be used more and more, and without the consent of the municipalities. I
16 think that Mr. Leventhal also characterized this Commission as very cautious. And we
17 did not want to rush into making a proposal when we hadn't heard from the very
18 municipalities that people were concerned about. And so that was basically it. There
19 may have also been some concern about the timing of this Amendment. This is a
20 complex issue. And it's difficult for the public to understand that this is not necessarily
21 going to increase their bottom line on their own property tax. At the same time there
22 being another property tax measure on the ballot. So I think there was a little bit of
23 concern in that. But I, you know, there is 11 Charter members. Six members weren't
24 ready to move on it. You can see it wasn't overwhelmingly, you know, we hate this idea.
25 It was more a matter of we wanted to explore it a little bit more thoroughly before we
26 made a recommendation. Can I speak to the language on, that was proposed for one of
27 these?

28
29 Council President Knapp,
30 Sure.

31
32 Nancy Soren,
33 The one on the, requiring seven of nine members, just in general, talking to a lot of
34 voters, believe it or not, a lot of voters may not know that there are only nine members
35 on the Council and that means a unanimous decision. I think you might want to put that
36 word in there somewhere so people understand the implication of that. Just.

37
38 Councilmember Floreen,
39 I was thinking that.

40
41 Council President Knapp,
42 Good. Great. Good suggestion. Okay. Thank you. Councilmember Elrich.

43
44 Councilmember Elrich,



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1 I just want to support Nancy and Glenn's proposal for putting the language on the ballot
2 regarding taxing districts. I think Nancy outlined pretty well why it's useful, I would say
3 that such is useful for local little projects, but it's the kind of tool that's been used in
4 other jurisdictions to deal with, you know, some larger transportation projects, where the
5 project itself is large, benefits are often around, you know, most often around the stops.
6 And it's a way of, I think, another tool that we really need to raise the kind of funds to put
7 some of these transportation initiatives in place. So I would definitely support putting this
8 on the ballot this time with the language and we need, perhaps work with municipalities
9 about how things would be done that do effect municipalities, but if a municipality is
10 asking for a, for example a stop of a particular line in the municipality, it would not make
11 sense to me to say every other area should pay to help make this happen and
12 somehow the municipality should be exempted. There need to be some recognition that
13 when there are benefits that everybody is going to help pay for the benefits. But I
14 thought Nancy made a very good case for it.

15
16 Council President Knapp,
17 Okay. Council Vice-President Andrews.

18
19 Councilmember Andrews,
20 Thank you. Well, I have joined my colleagues in thanking the Charter Review
21 Commission for their good work and all the comments that were made about the Chair, I
22 second that, too. I've got concerns about Glenn's language. I'm going back and forth in
23 my mind about the subcommittee's recommendation, which I think is better. I think 10%
24 is a substantial number that I'm not comfortable with at this point. And I think that there
25 is a good argument for having the Charter Commission take this back and come back
26 with a, reconsider it. So if I were to go for either of these it would be for the second one
27 which was the recommendation of the subcommittee of the Charter Review
28 Commission, which is page, it's the second page of Glenn's memo.

29
30 Council President Knapp,
31 Page 2 of Glenn's memo.

32
33 Councilmember Andrews,
34 Yeah. Which is, which would limit to collections, 2.5% of the collections. Of the two I
35 would go with that one, but I'm still debating whether to follow the advice of the Charter
36 Review Commission and have them come back. So that's my comment at this point. In
37 terms of the suggestion from the Chair about the Charter Amendment which would
38 change from seven to nine to a unanimous requirement, I think it's really important to
39 have that clear in there that it would make it a unanimous requirement and not simply
40 indicate that it's a change from seven to nine without referencing that it would change it
41 to be, in my view, a radical requirement that one member of a nine-member body could
42 block a decision by the other eight. I think that's not the way to go. And I can't think of
43 any other analogous requirement in almost any legislative body that I'm aware of.



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1 Council President Knapp,
2 Okay. No, I thank you, thank you Nancy very much for the catch, I think that is, can we
3 ask you, Mr. Faden to make modifications to that language?
4

5 Mike Faden,
6 We will give you a version that gets the word "unanimous" in there somewhere.
7

8 Council President Knapp,
9 Okay.
10

11 Mike Faden,
12 I can't give it to you right now.
13

14 Council President Knapp,
15 No, that's okay. We're not looking for it right now but that's.
16

17 Mike Faden,
18 Right.
19

20 Council President Knapp,
21 We're giving you direction.
22

23 Mike Faden,
24 Okay.
25

26 Council President Knapp,
27 I'm not seeing anyone disagreeing with that. Giving you direction to go back and do that
28 one.
29

30 Mike Faden,
31 Okay.
32

33 Council President Knapp,
34 And then we have Mr. Faden's recommendation to at least do a straw vote. We have
35 before us at least a motion made by Councilmember Floreen and I would take your
36 comments as a second Mr. Elrich, to adopt the language proposed by Dr. Orlin on page
37 two of this memo, at the 10% level and we can see if there's agreement for that at least
38 in straw vote to have that language drafted or if there are any suggestions to that.
39 Councilmember Elrich.
40

41 Councilmember Elrich,
42 I guess maybe to answer Phil's question and get some clarity for myself, could you put
43 numbers on the two options?
44



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1 Glenn Orlin,

2 Currently, let's talk about the assessable base one first. The current small areas that we
3 were talking about, Bethesda, Silver Spring, and Wheaton Urban Districts, the
4 Montgomery Hills Parking District, and the two small Noise Abatement Districts, in total
5 those comprise about 4% of the County's assessable base. I didn't count the Bethesda,
6 Silver Spring, and Wheaton Parking Districts because they, in term of assessable base,
7 are subsets of the Urban Districts. That's the key difference, what I just said, between
8 the first and second proposals. Anyway, this 4% is where it is now, going to 10%
9 essentially would allow a growth in even more Parking Districts, Urban Districts, or other
10 types of districts so that it could be a little more than double what is currently out there.
11 The second proposal that was developed by the subcommittee, the Charter Review
12 Committee, Commission, would say that we take the current collections from the small
13 areas which comprise right now about 1% of all collections and be able to increase it to
14 2.5%. Again, it's about a 2.5-times increase. The difference is that in the first scenario,
15 my recommendation, you could presumably have two or three or more Special Taxing
16 Districts in the same area and it wouldn't count towards the assessable base cap
17 because it's still the same assessable base. They were concerned about maybe having
18 too many of these special districts in Bethesda, Silver Spring, Wheaton, for example. So
19 they wanted to have a total cap on the amount that could be collected regardless of
20 where it was. And that's why it's more conservative. The actual, the percentage
21 increase is, the amount of the increase is the same. It's going from 4% to 10% in the
22 first case. From 1% to 2.5% in the second case. The ratio of increase is the same. But
23 the incidence of the tax is different. So that's why the second one is more conservative.

24
25 Councilmember Elrich,

26 What's the revenue potential of their proposal?

27
28 Glenn Orlin,

29 The current revenue from these districts is about \$13 million, \$14 million. And so
30 increasing that by 1.5 times, I brought my calculator.

31
32 Council President Knapp,

33 It's 35 up.

34
35 Glenn Orlin,

36 Is, \$32 million, so maybe another \$20 million at the max. In today's case. That's all
37 we're talking about.

38
39 Councilmember Elrich,

40 And the other one has no.

41
42 Glenn Orlin,

43 The other one is potentially more.



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1 Councilmember Elrich,
2 Right.

3
4 Glenn Orlin,
5 Because if you have more of these districts in the same places, yeah, it could be much
6 higher, it could be somewhat higher, it really depends on what you're.

7
8 Councilmember Elrich,
9 But it would be tied to what more you were putting in there.

10
11 Glenn Orlin,
12 Absolutely.

13
14 Councilmember Elrich,
15 It's not like, they don't become general funds.

16
17 Glenn Orlin,
18 Oh no.

19
20 Councilmember Elrich,
21 They would only go more if you were putting more infrastructure investment in there?

22
23 Glenn Orlin,
24 That's right.

25
26 Councilmember Elrich,
27 I would rather, personally, I would rather have the flexibility to look at what we need for
28 infrastructure and be able to raise the funds to provide it.

29
30 Glenn Orlin,
31 I mean, the examples that, the example Ms. Floreen gave, it's a perfect example where
32 citizens, whether it's a municipality or just a civic association or block, they don't have
33 the wherewithal to raise this kind of cash. Garrett Park didn't have the wherewithal to go
34 to the bond market and say, oh we want to increase our, we have this bond issue that's
35 going to cause our property tax rates to go up five times from where they are now. But
36 they could go to the County, the County could float the GO Bond, so we have a large
37 GO Bond total, pay for it there, and have it paid back, principle and interest over 20
38 years. And that was doable.

39
40 Council President Knapp,
41 Okay. So we have before us then the motion to adopt the language as recommended
42 by Mr. Orlin, adopting at the 10% level. I will see if, a show of hands for that. All in
43 support of the Council staff recommendation please indicate by raising your hand.
44 Councilmember Leventhal, Councilmember Ervin, Councilmember Elrich,



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1 Councilmember Trachtenberg, Councilmember Floreen, and myself. All opposed.
2 Council Vice-President Andrews and Councilmember Praisner. Okay. So go ahead and
3 we can draft that for the resolution. And I think that takes care of issues for Agenda item
4 four which are those that brought forward by the Charter Commission.

5
6 Mike Faden,
7 I assume there's a consensus to put the first question, the legally effective provisions
8 on?

9
10 Council President Knapp,
11 Yes.

12
13 Mike Faden,
14 Okay.

15
16 Council President Knapp,
17 Yes. Yep. So we're good there. Without opposition. And then you'll come back with
18 language on the unanimity of the seven to nine. Okay. Good. Now we turn to item
19 number five which is Ballot language for referendum on County law. Who gets that one?

20
21 Mike Faden,
22 As you know, the Gender Identity Discrimination Bill that you passed last fall has been
23 petitioned to the ballot. While there is an ongoing lawsuit challenging the validity of that
24 petition, you would have to, which may or may not be resolved within the next few
25 weeks, your deadline under state law to craft the ballot and adopt the ballot language is
26 in the next few weeks. It is by August. And so what we've done, similar to what we've
27 done in past years for ongoing Charter Amendment petitions is to draft a resolution
28 which approves ballot language conditionally. It's, the key language is on circle 2 of this
29 packet for item five. And you can see the fairly routine language for the ballot question
30 itself. The three lines at the top of circle two which is taken from the title of the law itself.
31 And then the conditional provision just below that, this resolution is effective only if the
32 petition for referendum on that Bill qualifies for inclusion on the 2008 ballot.

33
34 Council President Knapp,
35 Okay. So what action do you need us?

36
37 Mike Faden,
38 At this point, it's just, we just need feedback on whether this language, whether you see
39 any problems with this language.

40
41 Council President Knapp,
42 I don't see any questions.

43
44 Mike Faden,



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1 Okay. Thank you. We'll bring this back in two weeks.
2
3 Council President Knapp,
4 Okay. Sounds good. All right. Thank you very much. We are now in recess for lunch
5 with the Board of Education. We will reconvene at 1:30 for two public hearings. And
6 then we have District Council session with three items this afternoon. With any luck it
7 should be a fairly short afternoon. So I thank you all very much. And we'll see you, I
8 guess we must be in the fifth floor, fifth floor conference room for lunch with the Board of
9 Ed. Thank you.



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TRANSCRIPT
July 8, 2008

MONTGOMERY COUNTY COUNCIL

PRESENT

Councilmember Michael Knapp, President	Councilmember Phil Andrews, Vice President
Councilmember Roger Berliner	Councilmember Marc Elrich
Councilmember Valerie Ervin	Councilmember Nancy Floreen
Councilmember George Leventhal	Councilmember Praisner
Councilmember Duchy Trachtenberg	



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1 President Knapp,

2 Good afternoon, ladies and gentlemen. This is a Public Hearing on Bill 23-08,
3 Commission on Veterans Affairs - Establishment. The Bill would establish a commission
4 on veterans' affairs, and generally provide for the composition and duties of the
5 commission. Persons wishing to submit additional material for the Council's
6 consideration should do so before the close of business on July 9th, 2008, so that
7 individual views can be included in the material which staff will prepare for Council
8 consideration. A Health and Human Services Committee work session is tentatively
9 scheduled for July 10th, 2008, at 9:30 a.m. Please call 240-777-7900 for information.
10 Before beginning your presentation, please state your name clearly for the record. We
11 have five speakers - Uma Ahluwalia representing the County Executive; Wilbur Forbes,
12 Maryland Department of Veterans Affairs; Greg Hamilton as an individual; Lorrie Knight-
13 Major as an individual; and Jane McCarthy as an individual; and I would ask all of them
14 to come up. And each speaker has three minutes.

15
16 Uma Ahluwalia,

17 Good afternoon, Council President Knapp and members of the Council. On behalf of the
18 County Executive, I thank you for the opportunity to speak in support of Bill 23-08, which
19 creates a commission on veterans affairs. An important question is why do we need a
20 commission concerning veterans affairs? Civic engagement is a core value that we
21 uphold and integrate into the daily operations of our government, and a commission
22 creates the vehicle to engage our residents around veterans' issues more effectively.
23 Estimates show that approximately 60,000 veterans call Montgomery County their
24 home. This is roughly the same number of veterans that reside in and around the
25 County and in Anne Arundel County and in Prince George's County, both of which have
26 local veterans commissions. And, additionally, the relocation of Walter Reed may
27 increase the number of servicemen and women and their families residing here either
28 for extended treatment or for the long term. When one considers both these veterans,
29 family members and County's active duty armed forces personnel who one day will be
30 veterans as well, one can understand that a considerable part of our community will be
31 impacted by the Commission on Veterans Affairs and its work. So what will the
32 commission be doing? It will collect and disseminate information and educational
33 materials relating to activities and programs that assist in meeting the needs of
34 veterans; promote the rights and opportunities of veterans; advise the County Council
35 and Executive on the status of programs and services to meet the needs of the
36 veterans; and assist in appropriate public acknowledgment of the contributions made by
37 veterans. The commission can also assist in creating a clearinghouse of information on
38 existing programs and services that are available for veterans. For example, in
39 Baltimore County, Veterans Support Board Group created the Home Front Our Turn to
40 Serve project to ensure that veterans know of the very services available to them and
41 their families. Second, the commission may want to help our community appropriately
42 honor those in our community who have been killed or injured in the Iraq and
43 Afghanistan conflicts. And the commission may also want to honor the sacrifices and
44 accomplishments of previous generations. And finally, the commission may want to lead



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1 a discussion about how our community can help ease the return home of the veterans
2 from the Iraq and Afghanistan conflicts. Mental health concerns, medical care, and
3 vocational training are among their many needs, and our private partners have already
4 begun these discussions, and the community foundation is leading an effort to
5 document the needs of returning veterans. And the Mental Health Association has
6 started a pilot project through their information and referral line to serve veterans in
7 need. Feedback from veterans about how to best aid those returning veterans and their
8 families will be most helpful to our team. With the National Naval Medical Center in your
9 backyard and the expected transfer of many of the functions of Walter Reed Army
10 Hospital to that facility, the commission can play a crucial role to help governments and
11 our community appropriately serve those who have served us so well. No doubt the
12 commission could be a tremendous advocacy voice as well on both the state and
13 federal levels to ensure that our veterans obtain the care they deserve to return to their
14 communities and their families healthy and well-adjusted. The transition from military life
15 to civilian life can be quite difficult, especially when it comes to finding new employment.
16 And that's where the local Workforce Investment Board can be helpful. The commission
17 can help communicate to veterans -- I'm done -- about the services offered. So in
18 closing, all I would like to say is to acknowledge the both Councilmember Praisner and
19 Knapp for their services to our country. The County Executive is also a veteran, you
20 know, is very committed to working with the Council on these important matters. And we
21 believe the Commission on Veterans Affairs will make a difference in the lives of those
22 who served our country and in our community as a whole. And HHS, just so you know,
23 will be staffing the commission and supporting the work of the commission. Thank you
24 very much.

25
26 President Knapp,
27 Thank you very much. Mr. Forbes.

28
29 Wilbur Forbes,
30 Good afternoon.

31
32 President Knapp,
33 Press the button in front of you. That turns on the microphone.

34
35 Wilbur Forbes,
36 Good afternoon, Mr. Chair and members of the Council. My name is Wilbur Forbes. I'm
37 the Deputy Secretary for Veterans Affairs Maryland. Mr. Chairman and members of the
38 Council, thank you for this opportunity to speak in support of CB23-08, a Bill to establish
39 a Commission on Veterans Affairs in Montgomery County. In this great state of
40 Maryland, our veteran population numbers approximately 484,000, of which 30% are
41 disabled veterans as a result of their service and dedication to our country. More than
42 67,000 of these veterans are residents in Montgomery County. It is necessary for local
43 governments to be aware of issues and concerns that impact veterans and their
44 families. Many more challenges are ahead for veterans. Our World War II veterans, the



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1 greatest generation, are aging and continue to suffer from combat disabling diseases
2 and injuries both visible and invisible. Korean War veterans are also aging, experiencing
3 similar problems that our historians continue to identify. Korean War veterans as
4 participants in a forgotten war. In the statistics that we have, we show that more than
5 54,000 were killed in action and more than 103,000 were wounded. Should these be
6 forgotten numbers? Vietnam veterans, my era, I believe that the County Executive is a
7 Vietnam veteran, are now the largest living veterans group of any war era. However, we
8 continue to suffer from post-traumatic stress, unemployment, alcoholism, substance
9 abuse, homelessness, and other ailments and conditions. You are aware our country is
10 at war, and those who have served in the first Gulf War, Iraq and Afghanistan, and they
11 continue to serve are returning to us with severe emotional and medical issues. These
12 individuals because of their multiple deployments are struggling with post traumatic
13 stress, the new signature injury of traumatic brain injury, and now blindness. Our
14 Governor, Martin O'Malley, and our Lieutenant Governor, Anthony Brown, has
15 recognized in their commitment to veterans that these are significant concerns. In the
16 State budget \$2.8 million currently has been committed to a behavioral health program
17 for Iraq and Afghanistan veterans to provide gap coverage for returnees. The latter
18 group of servicemen and women are basically citizen soldiers, sailors, airmen, marines,
19 coast guardsmen and women. Prior to their deployments, they were enjoying productive
20 lives, running a family, employment, raising and educating their children. Too many of
21 these citizens servicemen and women are returning from combat and the battlefield to
22 home and community as medical and economic basket-cases facing long and
23 undetermined periods of recovery. As a result, families are being severely strained and
24 are dissolving. A significant number of returnees are unable to return to employment
25 adding to family crisis. New statistics are beginning to show the children of parents
26 deployed to the combat areas are having issues of concerns in school. I'm not asking or
27 suggesting that Montgomery County assume the primary responsibility for veterans and
28 their affairs. You are all aware that this country is responsible, the federal government,
29 for the affairs of veterans. You have heard earlier about the purposes, what the
30 commission will serve. And I won't repeat that. I will just say to you that every new
31 claim, of which we have no area here in Montgomery County to provide assistance for
32 claims processing, when they are approved, becomes new federal dollars here in
33 Montgomery County. And veterans do spend their money within the community. I think
34 the County can be very helpful in terms of assisting veterans through existing agencies
35 that are in place now, such as social services, human resources, to provide wraparound
36 services to these individuals. Why should Montgomery County establish a Commission
37 on Veterans Affairs? I think I've answered those questions. I would like to leave you with
38 one rhetorical question in closing: What is the cost of war in terms of human capital?
39 The establishment of a Commission on Veterans Affairs is a good Bill for Montgomery
40 County and its veterans. Thank you for your time, and I urge your support in
41 establishing this commission.

42
43 President Knapp,
44 Thank you, Mr. Secretary. Mr. Hamilton.



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1
2 Gregory Hamilton,
3 President Knapp, first and foremost, welcome home, and members of the Council. My
4 name is Gregory Hamilton and I'm a Vietnam veteran and resident of Montgomery
5 County for the last 35 years. I'm also a member of Montgomery County Chapter 641
6 Vietnam Veterans of America and Maryland 1 Chapter [inaudible] Thunder serving
7 POA's and MIA's. We're also known as a wall washing crew from April to November
8 each first Saturday and second Sunday of each month, we wash and maintain the
9 Vietnam Veterans Memorial and provide other services to veterans in the Washington
10 Metropolitan area. I stand before you today as an Agent Orange combat veteran with
11 several service connected disabilities. I have high blood pressure, diabetes, prostate
12 cancer, stage 2 renal failure as a result of being in ground and patrolling rivers in
13 Vietnam. Today is not about me, nor am I asking for anything for myself. I took oath and
14 live by the faith that never shall one generation of veterans abandon another.
15 Montgomery County is a home of approximately 60,000 veterans, not counting active
16 duty persons today. I am here on behalf of the men, women and families who serve and
17 live in Montgomery County who cannot be here today. I am here as a MCGEO shop
18 steward representing our employees and their families who are in Iraq and Afghanistan
19 who probably need the guidance and the support of the commission upon coming
20 home. I'm asking the Council to pass legislation creating the commission. Recent
21 returnees from Afghanistan and Iraq are facing numerous challenges, including multiple
22 amputees and posttraumatic stress just to name two. We as a community and you as a
23 government need to understand that PTSD is not only a combat or military experience.
24 As you are aware, the seniors living in the charter house was [inaudible] for 45 days
25 from their homes and encountered PTSD. No one understood the impact of these
26 residents or services were offered to help deal with the traumatic situation. I believe the
27 County Executive took the first step and the right step to assure that issues like PTSD
28 cannot be addressed by a County entity. The commission will be made up of veteran
29 service officers, organizations, health and human services, and other experienced
30 people to help with this issue. We as Vietnam veterans understand PTSD for the past
31 40 years. As most veteran service officers and myself in the world of PTSD, we used to
32 call it namnesia because we never had a name for it. I'd like to share a couple facts
33 with you; 60% of the veterans that go to the VA hospital in Washington, D.C., come out
34 of Prince George's and Montgomery County; 60% of the homeless are veterans living in
35 the United States. The average waiting for veterans to receive benefits is between 18 to
36 24 months after filing claims. The other limit for veterans living in Montgomery County is
37 the lack of veteran services, including evening and weekend hours. The majority of
38 states and county governments have paid service officers on staff to assist veterans
39 and their family for seeking services and applying for benefits. Because Montgomery
40 County does not offer such programs, majority of veteran service claims have to be
41 done in Baltimore. The state of Maryland provides several service officers in Baltimore
42 and one part-time VSO in Prince George's County. Between Montgomery and Prince
43 George's County, there are over 116,000 veterans, but only a handful of us volunteer to
44 provide the services here. As a veteran service officer, the services in Montgomery



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1 County are growing daily. The Commission of Veterans Affairs is the first step to
2 improving the quality of life for 60,000 residents and families. You as a Council Would
3 be sending a message that veterans are an important part of our community and this
4 commission will give them a voice. I hope this Council, the County Executive and
5 Commission take seriously the need to take the next step today to establish the
6 services that other counties have provided for their veterans. Again thank you for the
7 opportunity. Also, I've attached two resolutions from the city of Takoma Park and one is
8 a resolution from the town of Kensington supporting the establishment of the
9 Commission of Veterans Affairs.

10
11 President Knapp,
12 Thank you very much. Ms. Knight-Major.

13
14 Lorrie Knight-Major,
15 Good afternoon, County Council President Knapp, Councilmembers, and guests. I am a
16 Vietnam veteran. I strongly support this Bill to establish a Commission on Veterans
17 Affairs to improve the welfare of veterans in Montgomery County by providing services
18 such as advising the executive on programs in county specific to veterans returning
19 from war. Especially those with PTSD, post traumatic stress disorder. As we have
20 heard, more than 1.5 million soldiers have been sent to war in the past several years;
21 500,000 of them have returned with psychological injury, including PTSD; and 60% of
22 those returning soldiers have not gotten the help they need. As many as 20 to 40%
23 return with symptoms of PTSD. The good news is that there are proven effective ways
24 now to help veterans returning from war today with PTSD. There is strong evidence that
25 several forms of treatment, including cognitive therapy, are effective in healing these
26 soldiers from those mental health wounds. The Commission could be helpful in
27 improving care, especially mental healthcare, of those returning, which is so lacking
28 right now. For example, for our veterans living in Montgomery County, the only inpatient
29 facility available to treat PTSD are those at the VA in Baltimore and the VA in D.C.,
30 which may be over an hour drive for our veterans, and many veterans will not go to
31 military facilities. This commission could help with the development and implementation
32 of this needed therapy for soldiers and their families from our own guard units and
33 reserve units in our County, similar to what is being offered in other Anne Arundel
34 County today, and other counties throughout the country. And I got this -- I just got this
35 yesterday on my e-mail about how Anne Arundel is offering mental health services to
36 their veterans. I have been working with Delegate Karen Montgomery and the mental
37 health providers at Montgomery General Hospital over the past year to develop a PTSD
38 program for our returning veterans. This will provide this service in our own civilian
39 community. This service will be provided locally outside of the military environment
40 where these men and women live and must return now as reservists to the military -- to
41 the civilian communities after they have been experiencing these atrocities of war. I
42 believe the commission could begin to address this specific goal to get the best, most
43 effective help we can to treat PTSD to as many veterans returning from war as we can



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1 as soon as we can. I appreciate the opportunity to state on the record my strong and
2 enthusiastic support for the commission on behalf of our returning veterans. Thank you.

3
4 President Knapp,

5 Thank you very much. I have a couple questions. Councilmember Ervin.

6
7 Councilmember Ervin,

8 First of all, thank you all very much for your testimony and thank you for your service,
9 and thank you for being here today. I'm looking at your testimony, Greg, and one of the
10 things that I'm reminded of is my father, who passed away four years ago, was a vet
11 who had renal failure due to the same reasons you laid out in your testimony. And one
12 of the things that I'm most concerned about are the wives and the survivors of the
13 husbands who have passed on or the other way around. And one of the things my
14 mother still to this day is fighting for are her widow benefits. And because you have to
15 prove that your deceased military serviceman actually died because of either injuries or
16 disease caused from the service. So I hope it's something that is going to be discussed
17 in the commission, because I think it's really important now that there are so many
18 family members who are also suffering from all kinds of mental disorder and mental
19 stress are having to take care of double, triple, quadruple amputees, people who are
20 coming back with several brain injury, and so on and so forth. So this is a really big
21 issue, a really big problem. And I really thank you all for coming here to really shine the
22 light on what is happening to our military families and those who have served this
23 country. So I really want to take my hat off to you and thank you so much.

24
25 President Knapp,

26 Thank you. Councilmember Leventhal.

27
28 Councilmember Leventhal,

29 Well I appreciate and agree with what Councilmember Ervin said, and I also thank
30 everyone who is here who has served. Uma, in your testimony, you say that no doubt
31 the commission could be a tremendous advocacy voice on both the state and federal
32 levels to ensure that our veterans obtain the care they deserve. Of course, you know
33 that generally our boards and commissions don't advise on the state or federal levels,
34 and that generally we only get input here to the County Executive and County Council.
35 Is it the County Executive's thinking that this new commission would be different and
36 that this commission would advocate before the federal and state governments?

37
38 Uma Ahluwalia,

39 I think our thinking is -- and it has to evolve some more. Our thinking is that so much of
40 the benefits related-activities are happening at the federal and state levels that if the
41 commission is going to have a voice, an advocacy voice, it's not just at the local level.
42 We really need to be able to make sure that our veterans are able to access those
43 resources and benefits that are available to them at the federal and state levels. So I
44 think there needs to be a role for them around advocacy. The question is what role that



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1 will take? I think we will pull the commissioners together and then have more of a
2 conversation about what that should look like. I don't think we have enough of a sense
3 of how to structure that quite yet.

4
5 Councilmember Leventhal,
6 Okay. Mr. President, was it your intent that this would be assigned to the HHS
7 Committee?

8
9 President Knapp,
10 It was.

11
12 Councilmember Leventhal,
13 So we will have to look at that, because we have a lot of commissions -- the childcare
14 commission comes immediately to mind that want to testify in Annapolis, want to testify
15 before congress, and the County Attorney has ruled that they may not. So we should
16 discuss that.

17
18 Uma Ahluwalia,
19 It could be. We will have that conversation with the County Attorney's office as well. The
20 only thinking behind the way we framed it, and if it's not done, the department will take a
21 bigger role in doing it. The issue of assessing benefits is a big one for survivors and for
22 the veterans themselves, which is the reason that this point was made. The question of
23 how it flows, we can have more conversations and we will certainly talk to County
24 Attorney about that.

25
26 Councilmember Leventhal,
27 Now I certainly welcome the County Executive's interest in mental health and
28 homelessness for this population and for the general population. And so is this an
29 indication that we will see budget commitments from the County Executive in those
30 areas, noting his strong interest in the treatment of veterans.

31
32 Uma Ahluwalia,
33 I think there is one grant that the County Executive already made to the mental health
34 association this year, and the start of fiscal year 2009 to begin the hot line, information
35 and referral services to veterans. I think that speaks to the commitment to the area. The
36 question of what the FY budget looks like, it's a little bit premature, but this is certainly
37 an area he will be paying attention to.

38
39 Councilmember Leventhal,
40 Thank you.

41
42 President Knapp,
43 Councilmember Trachtenberg.



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1 Councilmember Trachtenberg,
2 Thank you, President Knapp. Again, I want to thank all of you for being here this
3 afternoon. And I also appreciate the Chair Leventhal's remarks about the function of the
4 commission itself. And I look forward to the conversation within HHS around this
5 commission, because I really do think that it's got vital significance, given the times that
6 we're living in. I actually wanted to ask Jane a question. When you referred to the PTSD
7 experience of veterans, and you used I think a 40% number, were you talking specific to
8 the state or is this a national number?

9
10 Lorrie Knight-Major,
11 There have been several studies done by the military on the veterans coming back from
12 Afghanistan and Iraq. And these numbers go from 20 to 40%. And they are a national
13 number. It's not something that has been done locally at the County that I am aware of.

14
15 Councilmember Trachtenberg,
16 No, I don't believe anything really has been done to evaluate certainly the phenomena a
17 here on a county level. What I would point out is that there have also been several
18 studies nationally which show that women vets returning from both Afghanistan and Iraq
19 experience PTSD to a much higher degree, and the number is closer to 60%. And I
20 raise that because I believe that that calls into question how we address the unique
21 challenges in working with women vets, because programs need to be developed in a
22 different way. And you know, I recognize that with the one shelter that we have here,
23 that mainly accommodates women who are victims of domestic violence, given some of
24 the challenges that women vets often face around homelessness and around an array
25 of unmet behavioral health needs, it would seem to me that as we work with
26 Montgomery General but really within our own department, we are going to have to start
27 looking at this in a much more collaborative way. And I'm very much concerned about
28 that. I see Greg wants to also -- .

29
30 Gregory Hamilton,
31 I want to share -- .

32
33 President Knapp,
34 Microphone.

35
36 Gregory Hamilton,
37 As a veteran service officer working with veterans who are trying to get claims through
38 the system, one of the things that I see on a daily basis is that you have a mother who
39 has been gone for a year, a year and a half, two or three terms, her kids have been
40 given to her parents. When she comes back, she is not actually ready to take those
41 kids, but those parents are ready to give the kids back. And we don't have a mechanism
42 to sort of facilitate those families coming back together. So I agree with you that a lot of
43 the women that we deal, who are not posttraumatic stress, but just adjustment coming
44 back home, there are some real social issues there. The other issue is that you run into



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1 is that if a person is waiting for a disability and waiting for a claim, it's taking 18 to 24
2 months once I file a claim to get it back to Baltimore even to determine whether that
3 person has got compensation.

4
5 Councilmember Trachtenberg,
6 Right.

7
8 Gregory Hamilton,
9 So those issues are definitely there.

10
11 Councilmember Trachtenberg,
12 Well and I understand that actually even with the waiting period that it's closer to three
13 years oftentimes.

14
15 Gregory Hamilton,
16 Yes.

17
18 Councilmember Trachtenberg,
19 For families to be able to secure the full benefit.

20
21 Lorrie Knight-Major,
22 Council, what I'm seeing is that we need to address this need differently. And being a
23 Vietnam veteran myself, having experienced PTSD myself 20, 30 years ago, and
24 looking at evidence now, I'm saying let's address it in the community and not -- I think
25 traditionally and historically we've said, oh, the VA will take care of that, or Walter Reed
26 will take care of that. And I think it would be wise for all of us to take a different look in
27 how to approach this disorder. And I think that if you don't address the PTSD to lineup
28 and have them march in parades and do all that, you're still going to have somebody
29 with PTSD. And I really -- I think that's the crux of it. And the other different thing about
30 our veterans here, we -- when I was in the Army, I was in the Army. Our veterans are
31 coming from the reserve units. They're weekend warriors. They're civilians, and they go
32 back into the civilian community. They're expected to go back. And I think they want --
33 that it's a better model to treat them in the community rather than to expect them to go
34 down to a military hospital and be treated for this. This is the cutting edge. This, I
35 believe, is where the work needs to be done.

36
37 Councilmember Trachtenberg,
38 I believe you're right about that, and I suspect my colleagues would agree with that as
39 well. And I thank you for your comments this afternoon. Mr. Forbes?

40
41 Wilbur Forbes,
42 Yes, I'd just like to add that at the state level we recognize this being a problem. The
43 Governor and the Lieutenant Governor has made it very clear in this most recent budget
44 of committing \$2.8 million, which is a small amount. But the Governor says we will not



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1 allow gaps in service to take place, and especially with his mental health behavioral
2 program that we have. The Lieutenant Governor has volunteered to cheer this Council
3 to find out where is it not -- it's not always possible for us to get folks into VA hospitals.
4 Many of the individuals especially here from the state of Maryland come from the rural
5 areas of Maryland where it may take five and a half hours roundtrip from where they live
6 to get to a VA facility and back. We want to look at the county through private services
7 to be able to have these individuals taken care of. So we want to be able to partner with
8 the local governments to help get through. And I think that's where the answer lies. We
9 so much depend upon the federal government; it's their responsibility. But I think the
10 results that we will get is happening at the local level and with state partnering and
11 working along with you.

12
13 Councilmember Trachtenberg,
14 Thank you.

15
16 President Knapp,
17 Councilmember Leventhal.

18
19 Councilmember Leventhal,
20 Well I made the point earlier, but I wanted to follow up on Councilmember
21 Trachtenberg's questions, and the very strong testimony and the responses from my
22 good friend Jane McCarthy and from Deputy Secretary Forbes, because I just want to
23 call on my colleagues and the audience's attention to circle 6 of the packet where it
24 states that this legislation is not expected to have a fiscal impact on the County. Now I
25 am the first to agree with Mr. Forbes that there are enormous gaps in our mental health
26 facilities and the availability of community care. This is something that I welcome the
27 Governor and the Lieutenant Governor's attention to. It's certainly something we need
28 to address at the County level. As I mentioned to Director Ahluwalia the need for an
29 improved network of mental health facilities and more aggressive approach to wiping
30 out homelessness for our veteran population and for the general population is great, it
31 will have a fiscal impact.

32
33 Wilbur Forbes,
34 I'd just like to say to that, Councilman, that you know everyone is concerned about fiscal
35 notes and whether or not it's going to cost anything, but I would venture to say that in
36 Montgomery County right now those services are agencies that you have in place such
37 as, I've mentioned in my testimony, if we had coordination, cooperation, working
38 together. Baltimore County, for an example, right now has a group of about 20 different
39 agencies and various other organizations that are working together to deal with this.
40 They have an enormous wraparound service to veterans in Baltimore County. I think
41 Montgomery County can do that also. And we're here to try to help you to reach that
42 point. I think anything that we have to do in this day and time, sir, has a dollar value in it.
43 For those individuals who have served, there should be no concern about -- to any great



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1 degree about dollars in the course. They've already paid the price. The blood is in the
2 sand.

3
4 Councilmember Leventhal,

5 Mr. Forbes, I couldn't agree with you more. I'm right there with you. I'm Chairman of the
6 committee that oversees the Health and Human Services Department. And I hope that
7 we will make it a priority to coordinate services, prioritize services. Just as you suggest,
8 I'm sure there is much that we can be learned from what other counties are doing. So I
9 very much appreciate your point. What I'm trying to communicate is to the Executive
10 Branch that the expectations may be somewhat less than realistic if the Executive
11 Branch is communicating that somehow we can do all these necessary things for those
12 who have served and sacrificed with no fiscal impact. I suspect that's not the case.

13
14 Uma Ahluwalia,

15 If I may just provide some clarification. The only fiscal impact that's being reacted to is
16 the creation of the commission, not the activities or the investments that would need to
17 be made as a result of the recommendation from the commission. The fact that we're
18 creating a commission and that HHS has figured out a way to staff the commission is
19 relatively budget neutral. And that's the only fiscal impact statement you have before
20 you. So I just want to make that clarification. Thank you.

21
22 President Knapp,

23 Thank you. And I just -- I was pleased and honored to be able to stand with the County
24 Executive when he announced this last November. And I appreciate those who have
25 come to testify today, and for your advocacy and your service. And I appreciate the
26 questions of my colleagues. I have no doubt that this commission will receive strong
27 support. There are obviously some clarifying questions that need to be brought out, and
28 will be addressed as the committee and the Council review this. But I think the issues
29 that you've raised of substance are significant, and I appreciate your doing so. Deputy
30 Secretary Forbes, I just had a quick question because you referenced it and then you
31 also referenced again later both in your testimony and in your response; the \$2.8 million
32 has been committed to a behavioral health program for Iraq and Afghanistan veterans
33 to provide gap coverage for returnees. And then as Jane McCarthy indicated, and I had
34 seen in the paper last week, Anne Arundel County also instituted a program to cover
35 mental and behavioral health issues for returning veterans as well. Is that something in
36 conjunction with the state, or is that separate and apart? Are you aware of what that
37 program is?

38
39 Wilbur Forbes,
40 [Inaudible].

41
42 President Knapp,

43 Press your microphone, please. Thank you.



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1 Wilbur Forbes,

2 That just occurred, I think, it was either on the second or third of July that they
3 announced that. That's something the County Executive and the Council came up
4 independently on their own, and we certainly support that. But they can still participate
5 with the State's program that we have to ensure that we get this coverage across --
6 across the state of Maryland.

7
8 President Knapp,

9 Well I think we'd very interested in working closely with the State to make sure that we
10 can provide services at the local level. Mr. Hamilton's testimony, I think, was significant
11 when he talked about the number of veterans, especially in the greater Washington
12 D.C. area and the services are provided primarily in Baltimore city. Clearly, as you
13 indicated in your comments that a five and a half hour roundtrip is not the way to do it.
14 And so we will certainly look to work with the State to come up with ways to use the
15 state resources in conjunction county resources to deliver those services at the local
16 level.

17
18 Wilbur Forbes,

19 This is our commitment.

20
21 President Knapp,

22 Excellent. We are as committed as you to try and make sure that we can recognize the
23 service of our veterans. Because as you've said very rightly, they've already paid their --
24 they've already paid their share. It's our job to make sure that they don't have any -- any
25 questions when they come back. And so we look forward to working with you to make
26 sure we can address those issues. Thank you all very much. I see no further lights. And
27 we look forward to moving ahead with this commission. Okay. Good afternoon, ladies
28 and gentlemen, this is the Public Hearing on Expedited Bill 24-08. Landlord-Tenant
29 Relations, Attorney Fees, Sunset. The Expedited Bill would make permanent the
30 provision of the Landlord-Tenant Law governing the payment of attorney's fees in
31 certain landlord-tenant matters, and generally amend the landlord-tenant law regarding
32 attorney's fees. Persons wishing to submit additional material for the Council's
33 consideration should do so before the close of business on July 9, 2008, so that the
34 individual views can be included in the material, which staff will prepare for Council
35 consideration. A Planning, Housing and Economic Development Committee work
36 session is tentatively scheduled for July 10, 2008, at 9:30 a.m. Please call 240-777-
37 7900 for information. Before beginning your presentation, please state your name
38 clearly for the record. We have one speaker, Michael Denney, representing the County
39 Executive.

40
41 Michael Denney,

42 Thank you Mr. President and members of the Council. My name is Michael Denney and
43 I'm currently the Administrator of the Office of Landlord Tenant Affairs, and I'm here this
44 afternoon to testify on behalf of the County Executive in support of this Bill, 24-208. In



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1 April 2001, the County's landlord-tenant law was overhauled and rewritten, something
2 that is appropriate from time to time; and existing language in the law at that time
3 prohibiting the imposition and collection of court costs and legal fees by landlords was
4 deleted and replaced by language which authorized the collection of such costs and
5 fees under certain very specific circumstances. Those changes are now codified in the
6 landlord-tenant statute at Section 29-27N, as in Nancy, of the County Code. That
7 section currently provides that, one, before a tenant can be required to pay court costs
8 and legal fees, those costs and fees must be awarded by a court after the court has
9 determined that they are reasonable. Two, such awarded costs and fees cannot be
10 considered as unpaid rent and therefore, a tenant cannot be evicted for failing to pay
11 those fees or costs. And, three, a tenant is entitled to an award of court costs and legal
12 fees if the tenant is, in fact, the prevailing party in a legal action. Section 29-27 has now
13 been a part of the landlord-tenant law for seven years, and during that time it has been
14 our experience at DHCA that the changes have worked as they were intended. In point
15 of fact, there have been no complaints filed by a tenant in Montgomery County during
16 the past seven years regarding this issue. Therefore, we, DHCA, recommend that the
17 existing language regarding court costs and legal fees be made a permanent part of
18 Chapter 29 of the Code. I would add that I think most people believe that it is a
19 permanent part of the code, because that was what was intended in 2001, or 2003 after
20 the sunset expired. I'd be happy now to answer any questions you may have; and I look
21 forward to working with you on this matter.

22
23 President Knapp,
24 I see no questions. Thank you very much.

25
26 Michael Denney,
27 Thank you.

28
29 President Knapp,
30 That concludes this public hearing. We now turn to a Public Hearing on Bill 21-08,
31 Contracts and Procurement, Prevailing Wages, Construction, which would require
32 contractors and subcontractors to pay prevailing wages to workers on certain
33 construction projects; specify that the prevailing wage rates established for the County
34 by the State Commissioner of Labor and Industry apply to certain County projects; and
35 generally regulate wages paid on certain construction projects. Persons wishing to
36 submit additional material for the Council's consideration should do so before the close
37 of business on July 10, 2008, so that individual views can be included in the material,
38 which staff will prepare for Council's consideration. A Transportation Environment
39 Committee work session is tentatively scheduled for July 15, 2008, at 9:00 a.m. Please
40 call 240-777-7900 for information. Before beginning your presentation please state your
41 name clearly for the record. We have five speakers - David Dise representing the
42 County Executive; our former colleague on the County Council, Secretary Tom Perez
43 from Department of Labor, Licensing and Regulation; Sean Dobson representing



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1 Progressive Maryland; Adam Pagnucco representing Carpenters Union; and Jerry
2 Shapiro as an individual. Mr. Dise, you are our first speaker.

3
4 David Dise,

5 Thank you, President Knapp. Good afternoon. I am David Dise, Director of the
6 Department of General Services, and I'm here today to testify on behalf of the County
7 Executive in support of Bill 21-08. This Bill would help ensure that men and women
8 working under Montgomery County construction contracts are paid a fair and equitable
9 wage. The Bill would also provide some continuity in review of construction bids, as
10 common wage rates across various work categories would allow Department of General
11 Services to focus on comparing effort and time between perspective contractors. The
12 absence of a common minimum wage of living -- or prevailing wage schedule inhibits
13 our bid analysis since wages can be paid on a very wide and varying basis. While the
14 Bill incorporates many of the elements of the County's living wage law, the
15 administration and enforcement provisions are, in fact, different. The Bill requires that
16 payroll records be reported quarterly and maintained for a period of five years. In
17 surveying other jurisdictions around the country, such as the cities of Cincinnati,
18 Denver, Baltimore, as well as the state of Maryland, we found that weekly reporting is in
19 fact the norm. Weekly or biweekly report results in a smoother workflow by, one,
20 eliminating bolt delivery of records and allowing for evenly distributed workload; and,
21 two, allowing review of monthly pay requests, and therefore faster revelation of
22 noncompliance which enables the County to enforce immediate compliance by
23 withholding current invoices, which may not be possible if done so on a quarterly basis.
24 We encourage, therefore, the Council to explore the costs and benefits of amending the
25 Bill to require weekly or biweekly reporting. For a prevailing wage law to be effective it
26 must be thoroughly enforced. Jurisdictions with effective prevailing wage programs
27 provide staff to perform contractor and jobsite visits, and to compare information
28 gathered from those visits with the payroll records supplied by the employers to
29 determine compliance. The overall administrative burden to the County of administering
30 this program and enforcing the prevailing wage law could be substantial if done on that
31 similar proper basis. While the fiscal impact statement prepared for this Bill indicated
32 that a program manager would be required to implement it, additional staff may be
33 necessary as we gain experience in administering this program. That will be borne out
34 in time as we roll this out, should the Council be pleased to approve it. Because we
35 don't have and don't collect information on wages paid by Montgomery County
36 construction vendors and contractors, it is not possible to quantify with certainty the
37 fiscal impact of the legislation on the value of construction contracts since there's not a
38 baseline to measure the prevailing wage against. Some studies have indicated that the
39 cost impact is low, others have indicated us a change in the cost impact of construction
40 contracts. Information provided by an association representing nonunion contractors
41 indicated that we could, but this is not certain, experience cost increases if our
42 construction project -- of our construction projects between five and ten percent due to
43 implementing Maryland's prevailing wage rates, which is the basis for the proposed Bill.
44 Those rates are higher paid by non -- higher than those paid by nonunion contractors to



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1 varying degrees, really depending on the work and trade categories. I would be happy
2 to answer any questions. My staff and I look forward to participating in the T&E
3 Committee work session on the Bill that's scheduled for July 14th.

4
5 President Knapp,
6 Well done. Thank you very much. Secretary Perez.

7
8 Secretary Tom Perez,
9 Good afternoon. It's good to be home. I'm glad to report to the taxpayers of Montgomery
10 County that your tax dollars are not being squandered on furniture here in the Council
11 office building. So I believe that's a source of -- .

12
13 President Knapp,
14 We find people don't want linger then, they don't long [inaudible].

15
16 Secretary Tom Perez,
17 That's correct. It's a real incentive. I'm joined by my colleague, Ron DeJuliis, who is our
18 State Labor Commissioner, along with the two people who are on the front lines
19 enforcing prevailing wage laws, Rick Sebeck and Charlie Crebs, along with the Deputy
20 Commissioner for Labor and Industry, Craig Lowery. These are the folks in the front
21 lines. And I'm here to express the Governor's strong support for this Bill. I've submitted
22 testimony. I always disliked when people read testimony verbatim, so I'm not going to
23 do that. I'm going to really talk about this. This is not a new concept. Kansas was the
24 first state that enacted a prevailing wage law back in 1891. And then we had the Davis-
25 Bacon Act at a federal level in the early '30's. And the first time we did this in Maryland
26 was 1945. And then there were some subsequent amendments in 1969. So this
27 concept has been around for a long time, and it reflects the concept that we are an
28 important purchaser of services. And we want to set the tone. And it's important not to
29 have government setting a tone that implies or somehow catalyzes a race to the bottom.
30 And that's really the value judgment that underlies living wage laws, and that's the value
31 judgment that underlies prevailing wage laws. There has been some discussion over
32 the years about whether prevailing wage laws drive up the cost of doing business. And
33 there is, I think, an emerging body of research, and I'm happy to share this with you
34 from the Economic Policy Institute, demonstrating that, frankly, there's an overwhelming
35 body of research suggesting that it does not. It's the same arguments I heard when I
36 was working for Senator Kennedy in '96, and we were debating the minimum wage; and
37 opponents said that it's going to lead higher unemployment and the end of the world as
38 we know it. And wages did go up and unemployment actually went down. And that's
39 why they call it economic theory, because it's not reality. The reality is it does not drive
40 up costs when implemented effectively, because you realize those increases in
41 productivity that allow for the work to be done, and you're paying people more, and so
42 they're paying more taxes. And so I think there's an ample basis, and Councilmember
43 Andrews and others who led this effort on the living wage front, this is a first cousin if
44 not a blood sibling of the living wage. And so there are a lot of reasons to do this. We've



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1 been doing it at the state level. I brought my colleagues here today because there a
2 number of implementation challenges, and I wanted to make sure you knew that we
3 stood ready to work together with you to implement this Bill. There are a couple of
4 suggestions that I had that are noted in my testimony. One of the provisions we have at
5 a state level, for instance, that is not in the Bill here is a provision that allows us to
6 prevent violators from bidding on state contracts. I would urge you to include that
7 provision in your contract. Also, a second issue that we have found in our enforcement
8 efforts is that there are times when there is a misclassification issue wherein somebody
9 who is actually, you know, a plumber or some other skilled trade gets misclassified as a
10 laborer so that they can be paid at the lower wage rate. And so you need to have the
11 authority to investigate those types of misclassification. There is language in the Bill
12 broadly about misclassification, but it doesn't relate to this type of misclassification. That
13 is something we have found with some degree of regularity in our experience. So those
14 are some tweaks. We look forward to working with you. The final thing I would say is
15 laws are only as good the enforcement mechanisms you have in place. Regrettably the
16 former Governor saw fit to zero out living -- prevailing wage, wage and hour
17 enforcement by zeroing out the unit. And so it's critically important as we learned with
18 the living wage to make sure we have folks that are there to do the work. And so this will
19 have -- this will involve hiring some employees, but frankly, the amount of money that
20 you save will make this, in my judgment, a very sound investment. So I strongly support
21 this, and we stand ready to work together with you on its implementation.

22
23 President Knapp,
24 Thank you very much. I'll turn to Mr. Dobson.

25
26 Sean Dobson,
27 Thank you, Mr. President. My name is Sean Dobson. I'm the Executive Director of
28 Progressive Maryland. Progressive Maryland is a statewide nonprofit organization that
29 defends the interests of working families. And I would beg your indulgence, sir, if I could
30 -- I think there are some local construction workers here today. We're particularly
31 interested in this Bill. If they could just indicate their presence.

32
33 President Knapp,
34 Yes, I think everybody back there.

35
36 Sean Dobson,
37 Thanks guys. A few. Our organizers knock on thousands of door every single year in
38 Montgomery County. And we're hearing at the door probably what you're hearing from
39 your own constituents; that economic times are bad and they're getting worse, even
40 here in one of the richest jurisdictions in the country. Especially hard hit are blue collar
41 families in Montgomery County. The most direct way to help working families struggling
42 to make ends meet is to make a full days' work gets a decent wage. There are a lot of
43 reasons for low wages. One of them is that too many public construction projects are
44 bid out to contractors who underpay workers. Construction sectors are a very



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1 competitive one, and unfortunately sometimes contractors who bid on these projects
2 find ways to cut costs by slashing their labor costs. When a contractor slashes labor
3 costs they do so, of course, by hiring lower-wage workers. Low-wage workers of course
4 tend to be very low skilled. And that results in problems, I think, for the County in that
5 construction jobs now are being done by low-wage workers, the vast majority of whom
6 do not live in Montgomery County; they're imported from out of state, and sometimes
7 even out of country. And as lower skilled workers they're more likely to do not such a
8 great job; maybe miss deadlines or just do shoddy work. So that's a problem from the
9 standpoint of the County, I do believe. But also in these bad economic times, we should
10 be trying to help out local blue collar families, working families to make ends meet. So
11 by enacting this proven law, which of course is law in hundreds of jurisdictions around
12 the country, you also will be reducing the incentive for contractors to slash labor costs,
13 because then they have to pay a prevailing, making it more likely that those good
14 paying jobs will go to local residents, who in turn will spend that money right here in the
15 local economy -- a slumping local economy that needs the boost. That also cuts down
16 on poverty here in Montgomery County and its ill consequences such as crime and low
17 performing schools. You have the study from EPI, which is an overview of the known
18 economic literature on all this. A huge, I would say preponderance of the evidence,
19 seems to indicate that it will not drive up construction costs. And then finally, as
20 Secretary Perez just noted, prevailing wage adheres to the principle that you
21 overwhelmingly endorsed in 2002 when you enacted the living wage law, namely that
22 we should not use taxpayer dollars to create poverty wage jobs. I think everyone is
23 pretty happy with the way the living wage law is working out. I think prevailing wage
24 would simply continue that fine tradition. And I urge the Council to enact this into law.
25 Than you very much.

26
27 President Knapp,
28 Thank you very much. Mr. Pagnucco.

29
30 Adam Pagnucco,
31 Good afternoon Councilmember. My name is Adam Pagnucco, and I believe this is the
32 first time I'm testifying before you in the capacity of my day job, Assistant to the General
33 President of the United Brotherhood of Carpenters. By the way, aren't you delighted to
34 hear me talk about something other than our bad need for a new metro entrance at
35 Georgia and Forest Glen? Back to business. We are here to discuss Bill number 21-08,
36 which proposes a prevailing wage law for Montgomery County. Why do we need this?
37 Construction is an extremely competitive industry. The vast majority of contracts,
38 especially those in the public sector, are let through hard-dollar competitive bids.
39 Contractors pay very similar amounts for materials, for fuel, for overhead, and for
40 subcontractors. And so the remaining way to compete is often by cutting labor costs,
41 low-balling to underbid their way to jobs. This does not mean that the owner, in this
42 case the County, gets the best deal in the end if cost overruns occur and change orders
43 crop up. But left unchecked this can threaten labor standards and skilled development
44 in the construction industry. What a prevailing wage law does is take wages out of



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1 competition in public jobs. Contractors still have to compete for work, but they must pay
2 at least the rates that prevail in their community. Now they must compete on the basis
3 of worker training and retention, skills, managerial efficiency. The owner gets well-built,
4 cost-effective facilities. The workers get security for their labor standards. And most
5 importantly, society is rewarded when government spending supports the maintenance
6 of middle class jobs in construction. One key question for the County is whether
7 prevailing wage laws increase construction costs. The vast majority of all research on
8 the subject indicates that they do not. In the 1999 study examining construction projects
9 right here in Maryland, Courtland State Economist Mark [inaudible] concluded, "There is
10 no measurable or statistically significant increase in studies" -- sorry. "There is no
11 measurable or statistically significant increase in construction costs associated with
12 prevailing wage regulations." And a review of dozens of studies on prevailing wage by
13 EPI states and overwhelming preponderance of the literature shows that prevailing
14 wage had no effect one way or the other on the cost to government of publicly
15 contracted construction jobs. We made this research and more available for your
16 review. The federal government has had a prevailing wage law since 1931. Baltimore
17 city has prevailing wage law. So does Prince George's County. The state has one. The
18 District is covered by the federal law. Even Alleghany County has a prevailing wage law.
19 Ours is one of the few major jurisdictions in the eastern side of the Potomac that lacks
20 prevailing wage, and I hope you will see fit to change that by passing this Bill. Thank
21 you.

22
23 President Knapp,
24 Thank you very much. Mr. Shapiro.

25
26 Jerry Shapiro,
27 Thank you. Good afternoon, my name is Jerry Shapiro and I'm opposed to this Bill. I'm
28 the president of Shapiro and Duncan, a mechanical contractor based in Rockville for 32
29 years. Personally I've lived in the County for 48 years. Shapiro and Duncan has 350
30 employees, including plumbers, pipe fitters, HVAC techs. We're currently working on
31 Walter Johnson High School, Key Middle School, Roberto Clemente Middle School,
32 Argyle Middle School, a performing arts building for Montgomery College in Takoma
33 Park. Prevailing wage with the fringe benefit payments for plumbers is approximately
34 \$42 an hour. Let me repeat that - \$42 an hour. That's about \$87,000 a year plus nine
35 paid holidays, plus vacation. With the overtime required to finish our projects, these
36 plumbers will be making over \$100,000 a year. The prevailing wage bill will add 28% to
37 our labor costs, and will result in a total increase of 16% to our contract price, which the
38 County must pay. Now at Shapiro and Duncan we're not underpaying our plumbers. We
39 have many plumbers making more or -- prevailing wage or more. Aside from the
40 increased job cost, the issue with prevailing wage is that an apprentice that graduates a
41 program at the age of 21, with perhaps only four years experience or -- with only four
42 years experience, we will be mandated to pay them the prevailing wage, \$100,000 a
43 year. Now this is the same rate that a 20-year-old plumber gets, that's been -- with 20
44 years experience that's 42 years old. There's no pay for merit with experience. Every



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1 plumber gets at least the \$42 per hour. If the Council wants to really help, you know,
2 start with the teachers. Pay them a starting teacher with four years college a \$100,000 a
3 year. The argument that I've heard with prevailing not costing because the tradesmen
4 are better trained, more experienced, more productive. If that were the case then they
5 wouldn't need this prevailing law to compete. They should be bidding on your projects
6 and they should be winning them because it doesn't cost more. With all the brack work
7 in the area, you're going to have 21-year olds on your projects in Montgomery County,
8 because we don't have enough skilled labor. Another argument the prevailing wage will
9 keep out the bad contractors; for the Montgomery County schools we have to pre-
10 qualify to bid the project before we can bid on it. We have to a yearly review. They don't
11 let just anybody bid their projects. We have to pre-qualify and be approved before we
12 can bid them. That keeps out the bad contractors. So I urge you to vote no for this
13 prevailing wage bill. Thank you.

14
15 President Knapp,

16 Thank you very much. Commissioner, I just wanted to see if you have any brief remarks
17 that you want to make.

18
19 Ron DeJuliis,

20 Yes, sir. Thank you. Mr. President and members of the Council, my name is Ron
21 DeJuliis. I'm the Commissioner of Labor and Industry for the State. I guess there are a
22 couple of arguments for, as Mr. Shapiro said, but there's so many more in favor of it.
23 I've had extensive experience over the years to argue for prevailing wage in a number
24 of venues, particularly in Annapolis. Some of the arguments for prevailing wage protects
25 the local workers, both either wages and/or fringe benefit packages, by preventing wage
26 dumping. And by that, you know, there was a time and point when the laws first came in
27 that there was an abundance of contractors who would take advantage of their people.
28 Unfortunately, we're starting to see some of that again. Prevailing wage prevents that. It
29 also reduces some of the construction costs. And does it do it? It encourages more
30 skilled, higher skilled people on the projects, contrary to might have been said; the
31 higher wage you're going to pay as a contractor obviously you want to hire a skilled
32 person to be able to perform the job at the cost that you're paying. It ensures quality of
33 construction. It reduces delays and overruns, which you're all familiar with. It provides
34 stability in the construction industry. Overall, you're getting a quality product no matter
35 where you're project may be or projects may be. In the higher wage -- and this is the
36 thing that I've always thought was most important and most times we neglect -- the
37 higher wages produces more tax money that comes back into the public sector. We also
38 have unemployment insurance, workers' compensation being put back in. We have
39 fringe benefits that are covered under the prevailing wage law, which is probably
40 something that really should be of concern to everybody -- less dependency on the
41 public bodies that these people now have a healthcare plan that they can take care of
42 themselves and their families. There are a number of things; I think Secretary Perez
43 may have turned in a history of prevailing wage in Davis-Bacon Act. And in the, I think it
44 was the third paragraph, it goes on to describe some abuses that happened in the past



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1 that you may want to read at that time. But overall, again, my experience has been
2 pretty extensive. And more recently we've been convening construction roundtable
3 meetings at the state level, and the participants in the meetings have been the AGC --
4 the Associated General Contractors, the ABC, which I assume you're all familiar with;
5 unions, nonunion companies, union contractors. And one of the issues, ironically, has
6 been discussions about doing a joint legislative piece in Annapolis on prevailing wage.
7 So we're talking, because they see the merits, they being the nonunion, see the merits
8 of a highly skilled well-paid workforce that includes fringe benefits. So that's really all I
9 have to say. If there are any questions, I'll be happy to answer.

10
11 President Knapp,

12 Thank you very much. And we do have some questions. Councilmember Ervin.

13
14 Councilmember Ervin,

15 Thank you very much. Thank you all for coming out this afternoon. I want to especially
16 thank Secretary Perez for taking the time out of his very busy schedule. It is so great to
17 see you back here in Montgomery County. And I read your testimony and I want to
18 thank you for, first giving us something to look at, at T&E, in the committee, because I
19 really do like the provision about withholding payment to a contractor if violations are
20 found. So we'll take that up in committee. And the other one is the little m
21 misclassification; I like that very much. So I appreciate you offering those, and we'll take
22 those up in committee. And for Mr. Dise, thank you very much for your testimony. I am
23 glad that the County Executive is in favor of the Bill. And so I also look forward to having
24 you come to committee so that we can fully discuss some of the suggestions that you
25 have for us to take a look at. I do have a question for staff regarding the testimony of
26 Mr. Shapiro. If you could speak to the public school construction piece, because I think
27 it might not be very clear to some people what that is going to do, or not do in this Bill.

28
29 Bob Drummer

30 We looked at that issue, and it appears that the state laws concerning the school
31 construction have preempted the County from acting in that area. So I don't believe this
32 bill would cover school construction projects awarded by the Board of Education.

33
34 Councilmember Ervin,

35 So, Mr. Shapiro, were you aware of that, because you mentioned a lot of school
36 construction jobs that you -- your company is currently engaged in; this is not going to
37 be covered under this Bill.

38
39 Jerry Shapiro,

40 I was just [inaudible] projects that we bid on.

41
42 Councilmember Ervin,

43 Okay, I just wanted you to be clear about that. All right. Thank you very much.



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1 President Knapp,
2 Councilmember Leventhal.

3
4 Councilmember Leventhal,
5 Well just to follow up, if I'm understand correctly, school construction projects would
6 already be covered under the State prevailing wage law; is that not correct?

7
8 Bob Drummer,
9 They are if the project is more than 50% funded by the State, which apparently doesn't
10 happen a lot.

11
12 Councilmember Leventhal,
13 It does not apply to any school [inaudible]. Okay. Mr. Dise, I know the Executive Branch
14 feels like I jump on every opportunity to pick on it, but let just say you're testimony gets
15 an A-plus, and I want to tell you why. You took a clear position on this bill. You clearly
16 spelled out suggestions for staff to follow up on as the agency head who will have to
17 implement this Bill, some technical points that will enable the Executive Branch to
18 implement it more effectively. And you indicated that it has long-term fiscal implications.
19 So I really appreciate that.

20
21 David Dise,
22 Thank you.

23
24 Councilmember Leventhal,
25 And I would hold your testimony out as a model to other department heads. Thank you
26 very much. Secretary Perez, thank you very much. I chime in with my colleague,
27 Councilmember Ervin. And thanks to my colleague Councilmember Ervin for introducing
28 this Bill, which I strongly support. Terrific to see you. There are so many things about
29 serving with you that I missed, but top on that list is your sense of humor. And I make
30 that point because I frequently want to remind my colleagues that it is a sense of humor
31 that enables us to survive some of the issues that we have to work through together
32 here. Good to see you; hope to see more of you.

33
34 President Knapp,
35 Councilmember Trachtenberg.

36
37 Councilmember Trachtenberg,
38 Thank you, President Knapp. Well Councilmember Leventhal, I think that sense of
39 humor is important, and I think good food is also important. And we're never at a
40 shortage situation here in the Council building over that. I very much appreciate all of
41 you being here this afternoon, and again, those that come on both sides of the issue.
42 But I very much believe that the Bill that Councilmember Ervin has forwarded here is a
43 best practice, and it's for that reason I offered my support to the Bill from the get-go. But
44 I very much believe that the conversation around this Bill too needs to be really very



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1 focused on the challenge that we have before us in terms of personal income. And the
2 fact that as we face those fiscal challenges nationally and here in this state, so much of
3 what is occurring right now in the mortgage industry is so incredibly linked to personal
4 income. Because it is often folks that don't have a stable income that are more
5 vulnerable to sub-prime mortgage products and therefore find themselves these days in
6 eminent foreclosure situations. So I wonder if Secretary Perez would care to make just
7 some general remarks about -- .

8
9 Secretary Tom Perez,
10 On sub-prime loans.

11
12 Councilmember Trachtenberg,
13 See I knew I'd find -- I'd find a backdoor way for you to talk about this, but I very much
14 see the income and the foreclosure linked. So I'd like you to talk a little bit about what
15 we're seeing in Maryland.

16
17 Secretary Tom Perez,
18 Very briefly, 20 -- 2006 there were roughly 3500 foreclosure events in the state of
19 Maryland; 2007 there were roughly 23,000 foreclosure events in the state of Maryland;
20 2008 we expect there will be roughly 50,000 foreclosure events in the state of Maryland.
21 Montgomery County is competing with -- I don't want to use the word competing. The
22 epicenter -- ground zero continues to be Prince George's County. By way of
23 background, in Montgomery County a year ago there were roughly 180 foreclosure
24 events, the first quarter of 2007. First quarter of 2008 there were roughly 1600
25 foreclosure events in Montgomery County. Did an event recently with Chris Van
26 Holland; I'm talking to employees of the Center for Disease Control. I spoke with a
27 professor at Howard Law School. And I'm not -- I'm talking about people who were a
28 week away from losing their home. The good news is that we've done more at the
29 Department of Labor, Licensing and Regulation than ever before to help people; the bad
30 news is that there are more people than ever before that need our help. You will see a
31 temporary down tick in foreclosure activity; that is a function of the legislation that the
32 Governor signed that established a de facto temporary moratorium. And so the second
33 quarter figures will look better. But I don't want to mislead anybody into thinking that the
34 problem is over. It is a temporary blip, and I can tell you that with some degree of
35 authority because under the new law we are required to get all the notices of intent to
36 default -- foreclose. They are now filed with the Commissioner of Financial Regulation.
37 And we now have to set up an entire new assembly line to process the thousands of
38 those that are coming in on a monthly basis. So it's going to get worse before it gets
39 better. I expect this to bottom out in -- toward the end of '08 early '09. There are a host
40 of things that are in place. And the reason why I really appreciate your question is
41 because it's remarkable the number of people who continue to suffer in silence. And
42 every elected official I would respectfully urge should use his or her bully pulpit to get
43 people out from the shadows asking for help. It's a really hard thing to acknowledge
44 that, in many cases, for the first time in your life you're in the soup. This is a crisis about,



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1 you know, bad things happening to good people. And we really need -- and we've done
2 a host of arms across the state. We've done a host of activities with local governments,
3 including but not limited to Montgomery County. Who again, Montgomery County and
4 Baltimore every quarter, one is second and one is third. It just alternates back and forth.
5 So people are stunned when they hear that this is an issue in Montgomery County. It is
6 an issue in Montgomery County, and it's not just an issue in certain parts of the County.
7 When you look on the Economic Matters Committee of the House, Brian Feldman was
8 something like fifth or sixth on that committee in terms of foreclosure activity. We
9 disaggregated the data by state legislative district. And so you look at a district that one
10 would think is impervious to foreclosures and you'd say, oh my goodness, you know,
11 what is happening. So this is an issue that isn't going away. It was a long time in the
12 making; it will be a long time in the solving. But there are a lot of new rights that people
13 have, a lot of new tools available, and we look forward to continuing to work together
14 with you. And I'm heartened; one of the things I look forward to working with, you know,
15 folks like Mr. Shapiro and others on is to persuade people leaving high school that there
16 are great skilled trades that pay good dollar that allow you to live here that are non-
17 outsourceable (sic). You can't have the plumber from India do the work at Walter
18 Johnson. We need to do a better job of removing the stigma of career and technical
19 education around here. And one of the things that we look forward -- .

20
21 Councilmember Trachtenberg,
22 We just talked at lunch about that.

23
24 Secretary Tom Perez,
25 To working collaboratively on, which addresses the foreclosure issues, it addresses the
26 worker shortage that we still have. And we need to work -- redouble our efforts in that
27 front. That way we can raise the bar for everyone, and reduce foreclosure and all those
28 issues. So thank you for your question. And I again look forward to working with you,
29 not only on this Bill, but collaboratively on the foreclosure crisis.

30
31 Councilmember Trachtenberg,
32 Well I thank you for your thoughtful response. And, you know, when I first got here
33 almost two years ago, I would say a multitude of the constituent calls that my office
34 fielded were really around access to healthcare, which would make sense again given
35 the background that I had before I got here. And what I have discovered in the last few
36 months is that a good number of contacts that we now receive are actually from women
37 who face foreclosure [inaudible] and I find that to be a really interesting trend. Again, it's
38 anecdotal, but I think it very much confirms what you're suggesting, Tom.

39
40 Secretary Tom Perez,
41 And I hope you'll funnel them to us, because, again, we've had situations that -- the
42 event I did with Congressman Van Holland, I met people there on a Saturday who were
43 -- whose houses were scheduled for sale the following Wednesday and Thursday, and
44 we were able to stall all of those, and ultimately work out a solution in all of those cases.



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1
2 Councilmember Trachtenberg,
3 I think we'll save some.

4
5 Secretary Tom Perez,
6 So I encourage all of you. We're open for business and our business is regrettably
7 booming. But, you know, we're redoubling our efforts. So let's continue to work together.

8
9 Councilmember Trachtenberg,
10 Well, thank you again.

11
12 President Knapp,
13 Council Vice President Andrews.

14
15 Vice President Andrews,
16 Thank you, President Knapp. Well thank you all for your testimony. It was very specific
17 and that's helpful. And it was nice to hear you, Mr. Pagnucco, on something other than
18 the intersection of death. And our former colleague, Tom Perez, it's always good to see
19 you. Appreciate all the good work you're doing for us and for everybody in the state up
20 in Annapolis and Baltimore.

21
22 President Knapp,
23 Councilmember Elrich.

24
25 Secretary Tom Perez,
26 [Inaudible] Councilmember Andrews, another casualty of the paper mill.

27
28 Vice President Andrews,
29 That's right. It had a lingering effect though.

30
31 Councilmember Elrich,
32 I wanted to thank everybody for their testimony. And, Tom, I especially appreciate your
33 bringing up the educational issue, because a couple of us on the Council raised that
34 again this afternoon with the Board of Ed. And we've got to restore the mentality of this
35 County that there is honor in work, whether your work comes with a college degree or
36 your work comes without a college degree. And we've got to get to the point where -- I
37 regret the fact that there's a difference between the living wage and the minimum wage.
38 And at some point we've got to bring in line this notion that a minimum wage should
39 never be any less than what a living wage is. And I wish we had the ability at the county
40 level to take steps in -- and some of us have talked about, you know, looking at a county
41 change at the minimum wage. I certainly would like to take a run at raising the local
42 minimum wage. So I appreciate your testimony. I was interested in the little M and the
43 big M. Because you talk about in your written testimony recovering \$500,000 in wages,
44 but you didn't discuss what you all found in investigations regarding not so much the



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1 little M stuff but the big M stuff, the misclassification of workers as independent
2 contractors, which is perhaps the greatest scam of all time.

3
4 Secretary Tom Perez,

5 Sure. The misclassification of workers as independent contractors; if you look at -- I'm
6 not even going to call it emerging -- if you look at current issues of grand significant
7 affecting working families, that in my judgment is in the top three. We have a case --
8 and this is a matter of public record -- again FedEx right now. They -- if you look at
9 FedEx Ground, they quack like an employee, they act like an employee, they respond to
10 all the directives of a company, but they are independent contractors, and that was how
11 they were classified. And we're working on that. And we have issued the equivalent of a
12 complaint alleging that they are in fact employees. And, again, misclassification has
13 three levels of ripple effect. It lowers the wages of employees. Secondly, responsible
14 employers who are playing by the rules get undercut by employers who misclassify. And
15 then the government, we're the third largest tax collector. We run the unemployment
16 insurance program, and so when you don't pay UI taxes, when you don't pay workers'
17 comp taxes, you have worker safety issues. If you go on a job site with our [inaudible]
18 people, and they are -- they're told by the employer well that person is an independent
19 contractor, so that injury we're not on the hook for. And so there are all sorts of ripple
20 effects of misclassification. And we actually introduced some legislation in this past
21 session to address it, because, in my judgment, our state laws are not sufficiently
22 rigorous. And we worked with many people in this room in that issue. And we intend to
23 sit down with all of the stakeholders to work through that again. The little M
24 misclassification is, I think, one of the biggest issues within the prevailing wage context,
25 because, again, if you can call somebody a laborer instead of what they really are, you
26 can really get in there -- there's something like 20 or so different classifications in a job
27 context. So if you can go to the lowest classification you can save yourself a lot of
28 money. And so that's why they have to go onto the job site, that's why they have to go
29 on to the job site unannounced so they can see in fact and in practice what people are
30 doing. You're calling them X on paper, but what are they doing in practice. And so, I
31 don't have the figures in terms of, you know, what percentage of the recoveries are little
32 M misclassification versus just straight out sort of violations. I can get you that, and I'm
33 sure Charlie probably knows it off the top of his head, or Rick. But that to me in terms of
34 holes that ought to be plugged in this -- in the County's Bill, I would throw that out there
35 as one that ought to be addressed.

36
37 Councilmember Elrich,

38 And that last thing I want to say is I see my friend and former colleague from Takoma
39 Park, Larry Rubens, in the audience, and one of the things that you had talked to me
40 about on an earlier date was the program in Prince George's County working with
41 students there, and how you coordinate things. And I think that's maybe something that
42 would be worthwhile getting some information to the Council with, particularly folks on
43 the Education Committee. Because I think that was an innovative program and there's
44 certainly a need for something similar over here. And I'd certainly be interested in



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1 hearing more about it. And I think in light of some of our discussions, it would be useful
2 to have that information.

3
4 Secretary Tom Perez,

5 I would welcome an opportunity, Councilmember, to brief you at a future date on what
6 we're doing in the apprenticeship and training context, because that was another
7 regrettable casualty of 2003 to 2006; that unit got zeroed out. And under Commissioner
8 DeJuliis' leadership, it's been reinvigorated. For instance, we now have an
9 apprenticeship and training program at the -- one of the juvenile facilities in Frederick,
10 Victor Collin, and we're taking kids who are just about to get out and we did a survey,
11 you know, what do you want to do for a living. And when they hear about the wages that
12 you can potentially make, you know, their eyes light up. And the key is, we're providing
13 them the training, not just in, you know, how to be a plumber or how to be an electrician,
14 but how to prepare a resume, the soft-skill training. I hate the word soft-skill because
15 they're indispensable skills. And so we're not only providing them with that training, but
16 we're also matching them up with employers. So they get out and they have an
17 employer. And because we license all of these areas, we're also -- the fact that they've
18 had a blemish or two on their record, it's not going to be a problem in terms of getting
19 the requisite licensing. So there's actually a lot of interesting and exciting stuff. We're
20 working collaboratively with the unions and the nonunion employers, because they have
21 a labor shortage. And there's nothing like a labor shortage to get you to focus on
22 previously untapped and underutilized population. So, I'd love to give you more of a
23 briefing on that and get your advice on how we can do even more to make sure that
24 graduates of our high schools have the tools to enter these jobs that certainly a lot more
25 than my wife, the lawyer, makes.

26
27 Councilmember Elrich,

28 I personally would rather pay more for some things up front than pay to administer
29 social programs to make up for essentially wage deficits. So I look forward to it. Thank
30 you.

31
32 President Knapp,

33 Councilmember Floreen.

34
35 Councilmember Floreen,

36 Thanks. Well, Tom, it's been a while and we -- it's just great to have you back. Your
37 energy and enthusiasm and advocacy are just terrific. And it's terrific to have you at
38 your level where you can connect the dots in a way we can't necessarily, particularly
39 with respect to your regulatory authority and all. So -- well I welcome everybody else
40 here, as well, on this issue. I do hope, Bob, that we have the right contacts in Tom's
41 office to follow up with any questions we might have on the legislation for -- well, we're
42 taking it up on Monday, right?

43
44 Bob Drummer,



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1 Yes, Monday.

2
3 Secretary Tom Perez,
4 We'll make ourselves available. That's why we wanted to be here in person today so
5 you associate a face and a name.

6
7 Councilmember Floreen,
8 Yes, indeed. And as you know we've had some new staff. So this is great. We thank
9 you for your effort. And I'll just put in a plug; can you work on Montgomery County share
10 some of that tax money in Annapolis.

11
12 Secretary Tom Perez,
13 Absolutely.

14
15 Councilmember Floreen,
16 It's still not enough.

17
18 President Knapp,
19 Like to have more of our schools funded 50 [inaudible].

20
21 Secretary Tom Perez,
22 Yes, I'm familiar with that 55 million. I'm intimately familiar with that figure, yes.

23
24 Councilmember Floreen,
25 Thank you.

26
27 President Knapp,
28 All right, thank you all very much. This concludes this panel. We have two more
29 speakers on this Bill; first is Lewis Ensminger as an individual, and Ken Grunley
30 representing Grunley Construction. Mr. Ensminger.

31
32 Lewis Ensminger,
33 Good afternoon President Knapp and members of the County Council. I am Lewis
34 Ensminger III. I live at 17508 Queen Elizabeth Drive, in Olney. I've been a construction
35 worker most of my adult life, and I am currently employed by GW Management
36 Services, a general contractor. Three years ago my fellow workers honored me by
37 electing me President of Carpenters Local 132, a non-paid position. Many of our
38 members are residents of Montgomery County. All of us work hard and are proud of our
39 work. Most of us have gone through four years of apprenticeship training or its
40 equivalent, and pride ourselves in getting the job done right the first time, on time and
41 on budget. After all, when it comes to Montgomery County, we're not only workers,
42 we're residents who use the facilities we build. I was born in Montgomery County and
43 I've lived here most of my life. My wife and I have raised a son and two daughters, one
44 of whom is disabled and who we willingly and lovingly support. I would say that we live a



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1 comfortable life, although it is tougher to keep up with the cost of living in Montgomery
2 County. However, my family would not be secure if it weren't for the fact that most of our
3 neighboring communities, Prince George's County, Washington, D.C., Baltimore city,
4 require that contractors pay prevailing wages on public jobs. I love Montgomery County
5 but for some reason my work seems to be less valued here than in its neighboring
6 communities. It's a fact that many of the highest trained workers who are residents of
7 Montgomery County must go elsewhere for work. One of our goals as workers living in
8 Montgomery County is to welcome into our trade any resident who wants to begin a
9 career; but to have a secure lifetime career in construction, you must get training.
10 Passing a prevailing wage bill will level the playing field so that the companies offering
11 such training can realistically bid on jobs. I'm talking about training that leads to secure
12 lifetime careers, not training limited to whatever job exists at the moment.
13 Councilmembers, as a construction worker living in Montgomery County I urge you to
14 pass the prevailing wage bill. Thank you.

15
16 President Knapp,
17 Thank you very much. Mr. Grunley.

18
19 Ken Grunley,
20 President Knapp, Councilmembers, good afternoon. I am Ken Grunley, President and
21 owner of Grunley Construction Company located up here on Shady Grove Road in
22 Rockville. We've in business since 1955 and have grown to about a \$250 million a year
23 company with 300 employees. I was also born and raised in Montgomery County.
24 Prevailing wage requirements are better for everybody. They're better for construction
25 companies and buyers of construction work, such as the government of Montgomery
26 County. And if you passed the proposed legislation, it would be most especially proved
27 to be beneficial to the residents and for the people employed in Montgomery County.
28 Setting the floor for wages that must be paid on publicly funded projects helps
29 construction companies such as mine to do long-range planning. In the construction
30 industry risk has the equal reward. With the wage level set we have reduced our risk
31 and are able to reduce our contingencies and pass those savings onto the owner.
32 Grunley Construction workers are paid wages that allow them and their families to live
33 secure lives and to plan secure futures. In return, our construction projects are done
34 correctly the first time, are manned properly to help meet the deadlines, and I believe
35 require less maintenance in the long run. My personal belief is that jobs done using
36 prevailing wages add virtually nothing to the cost of the job to government and provides
37 it a better final product. But prevailing wage jobs add a lot to the standard of living to
38 construction workers, many of whom, after all, are your constituents. I'd like to tell a
39 quick story. I've always believed in the law supply and demand; however, approximately
40 12 years ago I was walking on one of my projects without a prevailing wage clause, and
41 I observed a laborer working for a masonry subcontractor eating lunch. His lunch
42 consisted of white rice, hot sauce and white bread. I believe in the United States of
43 America we should be able to do better than that. I absolutely believe that anybody who
44 works 40 hours a week should not be economically insecure. I believe that if you work



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1 40 hours a week, you deserve to be able to feed, house, educate and provide the best
2 healthcare to your family. With prevailing wage requirements in place my company, and
3 many others, will be able to give more residents in Montgomery County the opportunity
4 to make a living that allows them to live in Montgomery County and work in Montgomery
5 County without having to add to the traffic and our dependency on foreign oil and travel
6 outside the County to work on a project with higher wages. Thank you.

7
8 President Knapp,

9 Thank you very much. There are no questions. This concludes this Public Hearing.
10 Okay, the Council now turns to District Council Session, and we have before us -- well
11 actually before we get started on that, we are at the request of the sponsor going to
12 defer action on number 11 -- item number 11, ZTA 08-01, Green Area Definition, until
13 probably next week, but maybe more. Okay. So we'll, this afternoon, just take action on
14 items 9 and 10. So first is Zoning Text Amendment 08-09, Industrial Zone, Health
15 Clubs. PHED Committee recommended approval. And as soon as we find the right
16 piece of paper we can tell you why. Okay. ZTA 08-09 was sponsored by the Council
17 President, and proposed to amend the industrial zones to allow health clubs as a
18 permitted use. Currently health clubs are permitted in the industrial zones only if the use
19 has access to a street that is not the principle access for the industrial area. I believe
20 that the current limitation unduly restricts health clubs. The more important element of
21 what we're going to do in this area actually goes back to our discussion on the Zoning
22 Ordinance, in which we are going to lessen it by one footnote, which is making
23 progress. Mr. Zyontz, would you like to add anything to?

24
25 Jeff Zyontz,

26 Just that this -- there seems to be an unduly restriction in the current Zoning Ordinance.
27 This ZTA just removes that footnote from the health club land use. And it was very
28 much supported as a simplification of the code.

29
30 President Knapp,

31 Okay. Are there any questions? I don't see any. Madam Clerk, if you would then call the
32 roll.

33
34 Council Clerk,

35 Mr. Praisner.

36
37 Councilmember Praisner,

38 Yes.

39
40 Council Clerk,

41 Ms. Trachtenberg.

42
43 Councilmember Trachtenberg,

44 Yes.



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Council Clerk,
Ms. Floreen.

Councilmember Floreen,
Yes.

Council Clerk,
Mr. Andrews.

Vice President Andrews,
Yes.

Council Clerk,
Mr. Knapp.

President Knapp,
Yes. The ZTA is agreed to 5-0. Thank you very much.

Council Clerk,
Mr. Elrich.

Councilmember Elrich,
Yes.

President Knapp,
Passes 6-0. We now turn to action on Zoning Text Amendment 08-02, Landscape Contractors in the CT Zone, and the committee recommended 3-0 to approve ZTA 08-02 with an amendment to exclude landscape contractors from any site located in the Central Business District Sector Plan area. With that amendment the committee concluded that ZTA 08-02 would be an [inaudible] amendment that would allow the opportunity for landscape contractors to operate in the CT Zone with minimal potential impact on residential development. Again, this was sponsored by the Council President. As introduced, the ZTA would amend the Zoning Ordinance to allow landscape contractors in the CT Zone if the site adjoins a railroad right-of-way and property recommended for commercial industrial public use. Currently a landscape contractor permitted use in the CT Zone if the cite adjoins I1 zoned property and property recommended for commercial industrial public use. There was a situation brought to the committee which brought forward the amendment, and we think that actually addresses the concern that was raised. Mr. Zyontz?

Jeff Zyontz,
Just that the Commercial Transition Zone is what it says that it is; it is a transition between higher density commercial uses and residential uses. One of the suggestions



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1 raised in committee was having a requirement that landscape contractors be some
2 distance from residential uses or residential zones that would obliterate the usefulness
3 of this ZTA for anyone. That is, nobody would qualify because, in fact, CT zoning is
4 always next to residential uses. The Planning Board determined that outside of
5 Bethesda there were 13 parcels in the County that could qualify for this use. Most of
6 those are actually in Kensington; there are 8 properties there. Thank you, Greg. And
7 there are a few in Germantown, and a few by Gaithersburg, is the other spot. So this
8 has some narrow use. Of course, landscape contractors are somewhat problematic use
9 within the County. They've been talked about in a number of zones, and in this case, it
10 would be allowed under very limited circumstances.

11
12 President Knapp,
13 Okay. Council Vice President Andrews.

14
15 Vice President Andrews,
16 Thank you. Did we get any comment at all from the city of Gaithersburg or folks in the
17 Gaithersburg area?

18
19 Jeff Zyontz,
20 We actually did [inaudible] comments from Gaithersburg. We got the vast majority of
21 comments from Bethesda, which the committee addressed.

22
23 Vice President Andrews,
24 Okay, thank you.

25
26 President Knapp,
27 Other comments or questions? Seeing none, Madam Clerk, if you would call the roll.

28
29 Council Clerk,
30 Mr. Elrich.

31
32 Councilmember Elrich,
33 Yes.

34
35 Council Clerk,
36 Mr. Praisner.

37
38 Councilmember Praisner,
39 Yes.

40
41 Council Clerk,
42 Ms. Trachtenberg.

43
44 Councilmember Trachtenberg,



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1 Yes.

2
3 Council Clerk,
4 Ms. Floreen.

5
6 Councilmember Floreen,
7 Yes.

8
9 Council Clerk,
10 Ms. Ervin.

11
12 Councilmember Ervin,
13 No.

14
15 Council Clerk,
16 Mr. Andrews.

17
18 Vice President Andrews,
19 Yes.

20
21 Council Clerk,
22 Mr. Knapp.

23
24 President Knapp,
25 Yes. The ZTA carries 6-1. That concludes the Council's business for this afternoon. We
26 reconvene this evening at 7:30 for a Public Hearing on Bill 25-08, the Emergency
27 Medical Services Transport Fee, in which we have 24 speakers so far, but stay tuned,
28 they keep calling.

29
30 Councilmember Ervin,
31 Mr. President, just a point of personal privilege. I wasn't in the room for the vote on 08-
32 09, and I'd like my vote to be recorded as no.

33
34 President Knapp,
35 Thank you very much.

36
37 Councilmember Ervin,
38 Thank you.

39
40 President Knapp,
41 Without objection. The Council stands in recess until 7:30 this evening. Thank you very
42 much.

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1
2